

JPRS-EER-91-161
28 OCTOBER 1991

Foreign
Broadcast
Information
Service



A N N I V E R S A R Y
1 9 4 1 - 1 9 9 1

JPRS Report

DISTRIBUTION STATEMENT A

Approved for public release
Distribution Unlimited

East Europe

19980202 096

DTIC QUALITY INSPECTED 3

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

East Europe

JPRS-EER-91-161

CONTENTS

28 October 1991

BULGARIA

Election Results Listed by Electoral Districts	1
Early Official Returns [DEMOKRATSIYA 17 Oct]	1
SDS Data [DEMOKRATSIYA 18 Oct]	2

CZECHOSLOVAKIA

Inconsistency in Results of Slovak Polls Revealed [OBCANSKY DENIK 23 Sep]	4
Idea of Federation Built From Below Dismissed [OBCANSKY DENIK 25 Sep]	4
Stability of Common State Seen as Primary Concern [OBCANSKY DENIK 23 Sep]	4
Brno Historian Defines Moravian Identity [PRITOMNOST No 7]	5
Partial Support for Ivan Svitak's Ideas [PRITOMNOST No 7]	8
Army Said To Be Squandering Money [MLADA FRONTA DNES 8 Oct]	9
Kcs50 Billion Bond Issue for Bank Improvements [MLADA FRONTA DNES 8 Oct]	10
Bata Company Returning to Czechoslovakia [MLADA FRONTA DNES 12 Oct]	11

HUNGARY

Torgyan, Smallholders Faction Vow Reconciliation [MAGYAR HIRLAP 16 Sep]	12
FIDESZ Representative: Dangers 'Overdramatized' [BESZELO 14 Sep]	12
SZDSZ Leader Bauer's Critical View of Party [MAGYAR HIRLAP 16 Sep]	14
Democratic Charter, 1991: Transformation Falters [NEPSZABADSAG 27 Sep]	14
Bauer on FIDESZ, Antall Government [MAGYAR NARANCs 11 Sep]	17
New Organization Aids Hungarian Minorities [MAGYAR HIRLAP 23 Sep]	20
Official Investigation of Zwack Fire Terminated [MAGYAR HIRLAP 14 Sep]	21
MDF Deputy Sees 'Enormous Reserves' in Economy [NEPSZABADSAG 20 Sep]	21
State Property Chief Wins 'Battle' With Kupa [MAGYAR HIRLAP 24 Sep]	22
Nuns, Law Students Vie for Historical Building [MAGYAR HIRLAP 23 Sep]	24

POLAND

Critique of Polish-Lithuanian Relations [ZYCIE WARSZAWY 25 Sep]	25
Principles of Universal Privatization Discussed [ZYCIE WARSZAWY 25 Sep]	26
POLITYKA Weekly News Roundup: 23-28 Sep [28 Sep]	28

YUGOSLAVIA

JNA Position in Croatia Assessed [POLITIKA 10 Oct]	30
Croatian Assembly Secession Decision, Conclusions [BORBA 10 Oct]	31
Bosnia-Herzegovina at War With Croatia [VJESNIK 5 Oct]	33
Serbian Assembly Official on Kosovo Dilemma [BORBA 10 Oct]	34
Atlas With Ethnic Maps of Yugoslav Regions [NIN 11 Oct]	35
Problem With Serbian Reservists Viewed [DANAS 1 Oct]	36
Yugoslav-Japanese Economic Cooperation Discussed [EKONOMSKA POLITIKA 23 Sep]	38
Ljubljana Bank Solution for Frozen Savings [EKONOMSKA POLITIKA 23 Sep]	39
Drastic Reductions in Volume of Traffic Reported [EKONOMSKA POLITIKA 23 Sep]	42

Election Results Listed by Electoral Districts

Early Official Returns

92P20033A Sofia DEMOKRATSIYA in Bulgarian
17 Oct 91 p 1

[Unattributed article: "The Latest Preliminary Results of the Elections According to the Central Electoral Commission"]

[Text] On the basis of 99.26 percent of the faxes received from section commissions, the TsIK [Central Electoral Commission] has released the following preliminary results of the election for national representatives: SDS [Union of Democratic Forces] 34.38 percent, BSP [Bulgarian Socialist Party] 33.11 percent, DPS [Movement for

Rights and Freedoms] 7.56 percent, and BZNS (E) [Bulgarian National Agrarian Union—United] 3.86 percent.

The spokesman for the group of mathematicians who calculated the data for the TsIK, Mr. Vasil Tsanov, said that, for all practical purposes, the data are conclusive, but they are unofficial, because some sections in the TsIK lists could have been closed or combined with others at the last moment, but the data from such a number of sections is hardly likely to influence the final results.

It was announced that additional data from the sections will not be fed into the computers.

According to the tentative TsIK results, based on 98.57 percent of the official reports of section commissions, Mr. Dimitur Topliyski of the TsIK has presented the following distribution of mandates and percentages by regions:

	SDS		BSP		DPS	
	Mandates	Percent	Mandates	Percent	Mandates	Percent
Blagoevgrad	6	44.3	3	26.1	1	9
Burgas	5	29.6	5	31.1	2	9.8
Varna	7	38.8	5	29.4	1	4.6
Veliko Turnovo	4	29.7	5	35.1	0	2.5
Vidin	1	30.6	3	48.2	0	0
Vratsa	3	28.8	5	44.1	0	0
Gabrovo	3	43.4	1	27.6	0	0
Dobrich	2	23.7	4	34.8	1	11.1
Kurdzhali	0	5.6	2	17.02	6	65.6
Kyustendil	3	39.5	2	35.5	0	0
Lovech	3	35.7	2	35.4	0	0
Mikhaylovgrad	3	34.5	3	43.4	0	0
Pazardzhik	4	35.1	5	35.8	0	0
Pernik	3	40.6	2	33.6	0	0
Pleven	4	31.2	5	39.3	0	0
Plovdiv City	7	52.1	3	24.6	0	0
Plovdiv Region	5	33.1	5	36.1	1	5.0
Razgrad	0	6.5	2	24.3	3	43.9
Ruse	4	31.3	3	28.4	1	9.5
Silistra	1	13.7	2	33.3	2	27.5
Sliven	3	30.6	3	39.8	0	5.4
Smolyan	3	30.8	2	30.6	0	12.0
Sofia First District	8	51.1	4	30.3	0	0
Sofia Second District	8	54.3	3	26.1	0	0
Sofia Third District	7	51.4	3	27.8	0	0
Sofia Region	4	38.5	4	33.7	0	0
Stara Zagora	5	34.5	6	37.2	0	0
Turgovishte	0	10.7	2	34.6	2	27.1
Khaskovo	3	23.3	5	37.8	1	8.4
Shumen	1	15.2	4	33.8	2	24.3
Yambol	2	28.2	3	44.0	0	0

SDS Data

92P20033BA Sofia DEMOKRATSIYA in Bulgarian
18 Oct 91 p 1

[Unattributed article: "Summary Data From the Parallel Count Made by the Union for Democratic Forces"]

[Text] The SDS [Union for Democratic Forces] center for a complete parallel count of the election results at the TsIK [Central Electoral Commission] is publishing the results of the voting by section every day. We now present the data by district. So far about 8,300 copies of the reports, containing the results of over two-thirds of all 12,450 sections throughout the country, have been received and entered into the computer. The data we present, in contrast to the preliminary results of the TsIK, are based on copies of the initial reports of the electoral sections.

TsIK has so far offered only summary data from proof-read reports in the district and township commissions.

We submitted a request to the TsIK with which we insisted that the representatives of the parties and coalitions also be permitted to receive the duplicate extracts from the proofread or revised reports of the sections. They will also be entered into our database to allow us to obtain the final results as well. Unfortunately, the percentage of incorrectly completed reports is exceptionally high (over 50 percent), and that is due to the poor format and content of the section reports, as though someone intentionally made it that way, in order to make it as hard as possible for the section commissions to do their work, and this goal has been attained, even beyond our most pessimistic prognoses.

The purpose of our complete parallel count is to enable us to make comparisons by section with the data compiled by the TsIK before the publication of the official results. If there are differences, the reason for them can be sought and eliminated, since in the final tabulation there cannot be two different results of the voting in a given section.

District Number	Name of District	Percentage of Processed Copies	Valid Votes	Union of Democratic Forces		Bulgarian Socialist Party		Bulgarian National Agrarian Union—United		Movement for Rights and Freedoms		Bulgarian National Agrarian Union—Nikola Petkov		Union of Democratic Forces—Center		Union of Democratic Forces—Liberals	
				Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	Blagoevgrad	83.58	183,357	82,305	44.89	48,693	26.56	5,626	3.07	14,692	8.01	3,335	1.82	7,122	3.88	4,615	2.52
3	Varna	65.92	198,713	87,238	43.90	52,602	26.47	5,930	2.98	4,417	2.22	4,664	2.35	7,821	3.94	11,881	5.98
4	Veliko Tarnovo	56.25	115,769	36,549	31.57	37,693	32.56	6,351	5.49	2,945	2.54	3,817	3.30	4,827	4.17	4,450	3.84
5	Vidin	61.57	68,271	21,780	31.90	32,252	47.24	2,714	3.98	5	0.01	2,274	3.33	2,720	3.98	1,344	1.97
6	Vratsa	58.47	105,191	32,640	31.03	44,847	42.63	5,507	5.24	24	0.02	3,717	3.53	3,353	3.19	2,752	2.62
7	Gabrovo	51.68	57,129	29,376	51.42	13,748	24.06	3,032	5.31	430	0.75	0	0.0	2,092	3.66	2,231	3.91
8	Dobrich	61.56	99,189	24,958	25.16	31,553	31.81	5,948	6.00	14,066	14.18	2,456	2.48	4,135	4.17	2,522	2.54
9	Kurdzhali	62.59	86,790	5,712	6.58	17,545	20.22	1,394	1.61	51,343	59.16	542	0.62	1,286	1.48	943	1.09
10	Kyustendil	68.05	90,393	37,364	41.34	31,473	34.82	4,167	4.61	55	0.06	2,759	3.05	2,123	2.35	1,639	1.81
11	Lovetch	25.69	38,966	14,029	36.00	13,617	34.95	1,815	4.66	855	2.19	1,564	4.01	1,384	3.55	1,069	2.74
12	Mikhaylovgrad	68.30	96,865	34,577	35.70	40,559	41.87	4,675	4.83	6	0.01	2,545	2.63	2,609	2.69	2,325	2.40
13	Pazardzhik	97.69	195,570	69,236	35.40	71,678	36.65	8,227	4.21	12,109	6.19	7,469	3.82	5,532	2.83	4,589	2.35
14	Per'nik	79.17	95,135	39,769	41.80	31,525	33.14	2,358	2.48	29	0.03	2,657	2.79	3,375	3.55	2,111	2.22

BULGARIA

District Number	Name of District	Percentage of Processed Copies	Valid Votes	Union of Democratic Forces		Bulgarian Socialist Party		Bulgarian National Agrarian Union—United		Movement for Rights and Freedoms		Bulgarian National Agrarian Union—Nikola Petkov		Union of Democratic Forces—Center		Union of Democratic Forces—Liberals	
				Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
15	Pleven	88.22	203,500	68,727	33.76	79,571	39.09	8,363	4.11	4,453	2.19	12,411	6.10	6,518	3.20	4,062	2.00
16	Plovdiv City	76.09	168,516	88,492	52.51	41,876	24.85	2,424	1.44	1,583	0.94	4,258	2.53	5,947	3.53	6,822	4.05
17	Plovdiv Region	54.81	146,804	48,481	33.02	52,073	35.47	4,858	3.31	9,092	6.19	11,744	8.00	3,934	2.68	1,957	1.33
18	Razgrad	32.02	34,221	3,242	9.47	9,670	28.26	632	1.85	12,064	35.25	653	1.91	1,593	4.66	510	1.49
19	Ruse	73.51	137,271	47,387	34.52	38,385	27.96	7,354	5.36	9,234	6.73	6,229	4.54	5,877	4.28	7,310	5.33
20	Silistra	44.30	45,353	8,735	19.26	15,405	33.97	2,089	4.61	8,401	18.52	1,208	2.66	1,494	3.29	1,759	3.88
21	Sliven	73.31	101,765	32,817	32.25	39,222	38.54	3,347	3.29	6,300	6.19	3,622	3.56	3,564	3.50	2,767	2.72
22	Smolyan	74.17	68,535	21,394	31.22	20,071	29.29	6,086	8.88	8,309	12.12	2,104	3.07	4,077	5.95	2,074	3.03
23	Sofia First District	100.0	274,150	140,448	51.23	83,299	30.38	3,644	1.33	369	0.13	3,013	1.10	6,807	2.48	13,699	5.00
24	Sofia Second District	100.0	256,021	139,265	54.40	67,014	26.18	3,820	1.49	864	0.34	3,478	1.36	7,263	2.84	10,808	4.22
25	Sofia Third District	78.46	186,925	96,165	51.45	51,267	27.43	2,769	1.48	502	0.27	3,264	1.75	4,061	2.17	6,193	3.31
26	Sofia Region	74.95	139,187	55,580	39.93	44,899	32.26	5,812	4.18	328	0.24	3,749	2.69	4,154	2.98	4,065	2.92
27	Stara Zagora	85.49	226,058	80,326	35.53	82,852	36.65	7,683	3.40	7,698	3.41	13,769	6.09	9,326	4.13	5,996	2.65
28	Turgovishte	59.93	61,940	7,381	11.92	23,160	37.39	2,580	4.17	12,046	19.45	962	1.55	2,058	3.32	1,306	2.11
29	Khaskovo	98.38	194,108	45,871	23.63	75,433	38.86	8,197	4.22	17,159	8.84	14,207	7.32	5,790	2.98	4,348	2.24
30	Shumen	76.80	111,504	20,075	18.00	42,176	37.82	5,841	5.24	16,071	14.41	1,964	1.76	3,856	3.46	3,935	3.53
31	Yambol	71.09	83,987	26,975	32.12	33,951	40.42	3,507	4.18	1,125	1.34	5,039	6.00	3,213	3.83	2,147	2.56
	Total	68.57	3,871,263	1,446,889	37.38	1,268,109	32.76	136,750	3.53	216,574	5.59	129,473	3.34	127,909	3.30	122,229	3.16

Inconsistency in Results of Slovak Polls Revealed

92CH0021A Prague OBCANSKY DENIK in Czech
23 Sep 91 p 3

[Article by Petr Schutz: "State of Advanced Schizophrenia"]

[Text] Interesting information can be gleaned from public opinion polls conducted by the Institute for Public Opinion Research at the Slovak Statistical Office. First of all they confirm the known fact that the population's voting preferences do not tally with the distribution of views on Slovakia's future government status. The 31 percent for Meciar's HZDS [Movement for a Democratic Slovakia] is in sharp contrast with the 8 percent supporting a confederation which the movement is pushing with extraordinary vehemence. Still more absurd is the 11 percent combined total of the Democratic Party [DS] and VPN [Public Against Violence] preferences when contrasted with the exact one-half of poll respondents who support a federation of two sovereign republics built from below. Even if we add the 12 percent of votes for SDL [Party of Democratic Left] which according to statements by its representatives also favors this type of a federation, although in contrast to DS and VPN it accepts confederation as well, the 23:50 ratio is amazingly disproportionate.

Moreover, the Movement of Czechoslovak Accord is virtually a trace element on the Slovak political scene and is not even listed on the percentage table of preferences. Yet a full 11 percent of the citizenry favors a single common state with a single central government. Adding to them the 8 percent favoring the present model of federation and 3 percent whose sympathies are with a federal union, we arrive at a strong 22 percent group whose views on the state power arrangement are completely disregarded in current Slovak politics. It is simply not represented by anyone! The explanation is very simple. The rank-and-file citizen does not perceive the issue of state power as a matter of high priority and thus unconcernedly—today in a poll and tomorrow possibly in an election—checks off even such a party or movement whose view of this issue differs from his own.

This is because he has other worries and has not heard the words of presidential adviser Martin Butora spoken at the VPN republican council: "The best national program for Slovakia today is to save it from independence." These words indirectly suggest the most important conclusion from this research. The issue of the state power arrangement must not become in Slovakia a subject of the pre-election campaign. The danger is in the possibility that trust in certain personalities or blandishments of populist, economic and social programs may weigh more heavily in the voting booth than one's own view of the state power arrangement. Hence it is necessary to conclude this affair by the end of the year. If no other way is found, then by a referendum.

Idea of Federation Built From Below Dismissed

92CH0021B Prague OBCANSKY DENIK in Czech
25 Sep 91 p 1

[Unattributed article: "Semantic Error"—first paragraph is OBCANSKY DENIK introduction]

[Text] Last Tuesday's Bratislava meeting of representatives of the Civic Movement [OH] and the Movement for a Democratic Slovakia produced, according to information from OH council secretary Lubor Kinst, agreement on certain possibilities of creating a federation "from below." We asked Pavel Rychetsky, deputy prime minister of the CSFR Government and OH deputy chairman, to explain the meaning of this term:

"Let me emphasize from the outset that expressions such as building a federation 'from below' or 'from above' are no more than a kind of semantic trickery. It is well to recognize that such variants do not exist if our purpose is to preserve the legal continuity of this state.

"Czechoslovakia has existed since 1918. From 1968 on it is a composite state. So there can be no doubt that it is not a union of states formed by several sovereign states. On the other hand the concept of the 1968 act on Czechoslovak federation already proceeds from two self-governing [svebytné] republics and a so-called shared [delena] sovereignty, that is, from the article of the act which says that the republics recognize their sovereignty as well as the federation's sovereignty and vice versa. Recognition of the republics as state entities with limited sovereignty is the only feasible point of departure for transforming our federation on a democratic basis.

"We must realize that allowing the possibility of one of the republics gaining unlimited sovereignty would mean the demise of the federation, even if only for a brief time. So it would not mean reshaping this state but rather its breakup. This in turn would raise a big question mark of whether or not there would exist some common future and a prospect of recreating the federation.

"The Civic Movement therefore holds that the phrase on building a federation 'from below' is essentially a semantic error and that the issue is to respect in the shaping of a new federal structure the constitutionally established, that is, limited sovereignty of the republics which of course no one may call into question."

Stability of Common State Seen as Primary Concern

92CH0021C Prague OBCANSKY DENIK in Czech
23 Sep 91 p 3

[Article by Ivan Jemelka: "We, Czechs, Moravians, and Silesians..."]

[Text] The publicist Pavel Tigrid together with several other Prague intellectuals has launched a signature drive calling for a referendum to be scheduled in which citizens of both our republics would be asked whether they

want to continue living in a common state. The initiators of the petition evidently wish to preserve the Czechoslovak federation and hope that the majority of CSFR citizens want the same. They probably perceive continuation of the common state as an imperative of European civilization. They may even fear being shamed if this "demand of the time" proves impossible to meet. But the authors of the appeal overlook, perhaps unwittingly and possibly out of a sense of time pressure, some salient facts. First, neither of the republics calls into question the continued existence of a common state. But where they differ is in the views of its function, views emanating from the different goals the Czech or Slovak Republic has set out to accomplish. In the Czech Republic it is first of all the fastest possible adaptation of its own economics and politics to the European standard. In Slovakia on the other hand the dominant issue is a search for national identity; there the ideas of an economic and social order bear in the background visible marks of a naive socialism. The requirement for continuance of the common state is for each republic to adjust to the other. The Czech Republic must slow down the speed of change and the Slovak Republic retreat from its national socialist orientation. Bohemia, Moravia, and Silesia are ready for concessions as long as their purpose is to deepen integration with the Slovak Republic, because in the sum total this is still the fastest method of returning to Europe. The Slovaks too will back down, but of course only if the common statehood with the Czech Republic allows them to gradually come into their own and gain independence.

The motives are completely opposite yet CSFR is not now likely to break apart because from the point of view of their goals mentioned above it wouldn't be to the advantage of either side. A positive result of the referendum would merely confirm this fact. What is involved here is the stability of the state which will be threatened permanently even into the future by each republic waiting for the other and their tactical maneuverings. Alas, this problem will not be resolved by all people voting. Moreover, the appeal of the Prague intellectuals somewhat infelicitously addresses only members of three nations—Czechs, Moravians, and Silesians—rather than citizens. Thus it gives up not only on minority nationalities but in sum also on all inhabitants of Slovakia. The drive is ostensibly intended to stir the Czech Republic's silent majority. Even though it is getting publicity, its substantive content simplifies the issue somewhat as do most actions of this kind.

Brno Historian Defines Moravian Identity

92CH0075A Prague PRITOMNOST in Czech No 7,
1991 pp 1-2

[Article by Prof. Josef Valka, Masaryk University, Brno:
"Which Nation Should Be 'Elected' in Moravia?"]

[Text] Are Moravians a nation or are they not? Many people in Moravia undoubtedly feel that they are a nation. On the other hand, if many of us do not consider

ourselves members of the Moravian nation, that does not at all mean that we do not regard ourselves as Moravians.

Every one of us carries in himself several collective self-identifications: We are the citizens of Brno, Ostrava, Olomouc, Prague, Hana; we are Highlanders, Moravians, Czechs, Czechoslovaks, Central Europeans, Europeans, Catholics, atheists, members of various political parties—each of us carries in himself a whole spectrum of collective affiliations and feelings of kinship with various social groups.

By the same token, for many of us it is no contradiction to consider ourselves at the same time Moravians, Czechs, and Czechoslovaks—Moravians in the territorial sense, Czechs in the national sense, and Czechoslovaks in terms of the state....

Recent denials of "We are not Czechs!" do not express even the subjective feelings of all citizens of Moravia. Any instigation of controversies between the Moravian nationality and the Czech nationality not only divides the heretofore existing nation but also weakens the Moravians in their efforts for the common interests of our country. While all of us who live in Moravia may consider ourselves Moravians, as once used to be the case, we shall be split into Moravian nationalists and Moravian Czechs.

As for me, I see no reason why as a Moravian, I should give up my Czech nationality and delete it from my self-realization. The proponents of Moravian nationality emphasize that nationality is above all a matter of choice. Thus, so long as for purposes of statistics, reports, or polls, Moravians declare that they are of Moravian nationality, then that constitutes a Moravian nation! In fact, nation may be a matter of one's choice, if we must or want that decision. We usually vote for some other nation, and that is truly a matter of one's choice. It is quite another thing to create a nation. Nation is different from the act of choosing per se and a figure in statistics. For example, it is a moot question whether those who regard their Moravian ethnicity as their nationality are thereby expressing their agreement with what they would like to be in the sense of certain values, or whether they are voicing their disagreement with the situation. Propaganda for Moravian nationality does not always make entirely clear what a nation actually is. I have heard that during the census-taking certain commissioners tried to persuade the citizens that the nationality of the people who live in Moravia is Moravian.

I think that the whole discussion about nationality is a symptom of a profound crisis not only in our society but also in the Czech consciousness. The breakdown of the old regime and the immensely complex situation in which we now find ourselves are reflected also in concepts of which we would have thought that they are completely unrelated to that crisis. We in Moravia are blaming Prague, Pragocentrism, and the "Czechs" from

Bohemia for many of the problems caused by the totalitarian regime. Nevertheless, Moravia is not the only devastated region; so is Bohemia, and some of its areas have suffered far more than Moravia.

The Province of Moravia-Silesia was not abolished by the Czechs in Bohemia or by the people in Prague, but by the communist regime installed and maintained by the Czechs, Moravians, and Slovaks. Various social sciences, particularly history, philosophy, and sociology, paid in the past, and are paying now, systematic attention to the concept of nation. Nation and nationalism are today among the most frequent topics of discussion at conferences, in periodicals and publications.

Those are no longer efforts to find some universal scientific definition of the nation, as in the past upon Stalin's orders, yet we are trying to specify in some way the concept of the nation and to describe that phenomenon. We have found the definitions for various kinds of nations, and then concluded that nation is a historical category that undergoes changes in history, especially from the social and cultural points of view. A nation cannot be unambiguously defined, but individual nations may be described in terms of history, from their origin to their current form, or perhaps, up to their extinction. A nation is a specific social formation, a macrostructure, a definable community, however, determined also, and perhaps above all, by national consciousness which is connected with certain values.

We may be born in a nation, but we are not compelled to remain in it until we die. Exiles must or want to "choose" a nation but in most cases, their chosen nation must also accept them. In the 19th century, when the variant of a "regional" nation was abolished, some Czech intellectuals had to choose between Czech and German nationality. Most of the Czech intellectuals were bilingual and many came from mixed families or language areas. Their consideration was not motivated by existential reasons alone; they were pondering preserving the Czech nationality while being surrounded by a nation with a more advanced civilization and culture. However, the Czech nation has survived and progressed independently of such considerations and individual decisions. In the second half of the 19th century the Moravian-Slavic, or as the case may be, the Czech intellectuals, decided that their nationality was Czech, without giving up their provincial Moravian ethnicity. As usual in Central Europe, they opted for a language or a cultural variant of a nation unlike the West European variant of the nation-state, which failed to make any headway in the Hapsburg monarchy. National freedom was regarded as part of civil rights.

Another point of departure for them was the fact that the citizens of Bohemia and Moravia shared a common history—a common state, language, culture.... The Slavic Moravians opted for the Czech nationality not only for reasons of language and history but also because of their self-preservation at a time when the trends of fraternalization during the "spring of nations" were turning into

unsolvable controversies. The unification of the Czechs and Moravians in a single nation engendered modern Czech political thought, statehood, and culture.

We may argue whether our ancestors made a fortunate or a dubious decision, but they were educated, honest, and free men, and they did not make a wrong choice. There is no reason to talk about national oppression of the Moravians by the Czechs. We cannot deny that during its co-existence with the Germans, the Czech nation in Bohemia and Moravia made indisputable political, economic, and cultural strides, and did not get lost among the Central European nations.

The European culture also represents a system of national cultures. If the Moravian nation would now be constituted—which is not impossible in view of the current crisis—it would be a new nation created by breaking away from the Czech nationality, and it would be a political nation. Proponents of Moravian nationality should clearly specify their political objectives both for the present and for the future. Is their goal national political sovereignty as in the case of the Slovak nationalists? To be sure, Moravia can achieve everything else without demanding its national rights. Moravian nationalists combine two trends in current social movements—a revival of nationalism, and a revival of local patriotism—a revival of strong regional attachment. Obviously, the Moravian national consciousness is part of a healthy renaissance of our territories, but why link this natural process with the creation of a nation? Just to keep in step with the Slovaks?

However, unlike Moravians, the Slovaks are a nation. I cannot judge whether the kindness of the Slovak nationalists toward Moravian nationalism is motivated by a noble effort to aid a newborn babe, or rather by a wish to weaken its stronger brother. It is characteristic that those individuals who maintain that nation is an act of free choice are searching for objective signs of their nationality, which include often the Moravian language and the historical Moravian tradition and in addition, territorial rights and claims of sovereignty which may be raised in case of nationality. Language problems have become a frequent topic of debates, but I do not know any serious linguist able to distinguish the literary Moravian language from the literary Czech language and to define the "Moravian language" on the basis of Czech dialects spoken in Moravia.

Historical consciousness poses a more complex problem. We have inherited a legacy from the past, perpetuated it in our memory, and developed our own historical traditions. In all that we should cherish both what Bohemia and Moravia have in common and in what they differ. In every structured historical formation and over an extended period of time, this realization depends largely on the perspective adopted by the historian: The closer to the land we are, the clearer seem the characteristics and differences between villages, houses, and trees, but from a supersonic jet it is difficult to identify even big cities. A historian may settle down in his village in the

hollow, he may look down from the mountain top on the countryside, but he must occasionally fly in an airplane to reach in infinite historical time some more distant areas than his own village.

The differences between Bohemia and Moravia are considerable; every country has its idiosyncrasies, but if we climb higher than the top of the Rip Mountain or the Palavske Hills, we share certain common factors—state, language, culture, or historical destiny—that are essential for the origin and life of our nation. Furthermore, the Moravians of the “mandate” pick certain historic eras of which they think that in those times Moravia was free, powerful, sovereign, even earlier than Bohemia—and that immediately after the Moravian nation is constituted, a link may be made with that particular period which in most instances is the era of Great Moravia. However, is in fact the Great Moravian principality and its church-Slavonic culture Moravia’s exclusive property, and on the other hand, has it left there such a lasting legacy that could be resumed and carried on? I do not share at all doubts about the Great Moravian and church-Slavonic civilization on our territory, and I value the discoveries of archaeologists, linguists, and historians who in the true sense of that word discovered and described that civilization. Nevertheless, precisely here we must make a distinction between the legacy and the tradition, between the continuity and discontinuity, and the original significance of that stage in Moravia’s history—in other words, we must separate historical facts from the myths about Great Moravia that are turning up again and again.

It is undeniable that the Mojmir dynasty which founded the Great Moravian principality evidently originated from Moravian territory. To its state it soon annexed the western regions of Slovakia which always retained their autonomous status. During the reign of Svatopluk, the house of Mojmir unified Moravia, Slovakia, Bohemia, and areas of modern Hungary, Austria, and Poland into a single principality—into a political formation dominated by that dynasty, its retainers, allies, or vassals. That in fact represented the first, albeit short-lived, political unification of Central Europe.

After the breakup of Great Moravia and after the fall of the Mojmir dynasty, however, that formation completely disappeared from the political map of Central Europe. The houses of Premysl, Arpad, and Piast divided its territory among themselves and set the foundations for a lasting, steady development of the Czech, Hungarian, and Polish states. None of those dynasties was directly linked with Great Moravian institutions and with the Mojmir dynasty. Obviously, the fall of the Great Moravian state was catastrophic because it affected even such a stable organization as was the church in those days.

We must not forget that Christianity had reached our country via Germany and that Frankish and Bavarian bishops had converted it even before the arrival of the Byzantine mission. With every respect for the historic

achievement of the missionaries, Constantine and Methodius, whose holiday is celebrated this month, their mission in Moravia per se was no more than a very dramatic episode. The missionaries faced there not only the opposition of the Frankish and Bavarian clergy, but perhaps because of their strict moral code, also the resistance of local aristocracy. Moravia was on the borderline between Byzantine and Roman influence, but the missionaries soon realized that it was more attuned to Rome. To be sure, in those days Christendom was not divided into the Western and Eastern church, but following that split, the Western Roman variant prevailed not only in Moravia but in every state in Central Europe. The cultural legacy of that mission—the church-Slavonic language and liturgy—survived in Moravia over a shorter period than in Bohemia, Hungary, and Poland.

Soon after the death of Methodius his disciples were expelled from the country, and toward the end of the 9th century the renewed Moravian church adhered already to the Latin rite. The church-Slavonic cultural legacy was perpetuated by the south and eastern Slavs but in Moravia it left hardly a trace. In Moravia the Great Moravian tradition, which was conspicuously faint during the Middle Ages, was revived only with great difficulty. Even baroque Moravia had chosen the Virgin Mary as the patron saint of their province.

It was not until the modern era that the Cyrillo-Methodian and Great Moravian traditions blossomed. Today the great European personalities, Constantine and Methodius, are symbols of Christian unity and not of the Christianization of Moravia. The Great Moravian tradition in the historical sense of that word is a tradition of the unity of the Czechs, Moravians, and Slovaks, and not an exaltation of some above others. The concept of *translatio regni*—transfer of royal dignity from Moravia to Bohemia—was developed in the Middle Ages as one of late symbols of political unification of both countries. Dusan Trestik, otherwise a dedicated iconoclast of modern mythologies, deals in depth with Svatopluk’s impact on Bohemia’s political destiny and with a certain possibility of real continuity existing between the Great Moravian and the Czech—or rather, of the Mojmirian and Premyslid—statehood. He points out that Methodius himself baptized Premyslid Prince Borivoj in Moravia, with Svatopluk as the godfather, which enhanced the Premyslid status and consolidated the political integration of Bohemia.

A number of archeological discoveries confirmed the cultural influence of Great Moravia on Bohemia toward the end of the 9th century. Evidently, there existed stronger bonds than Bohemia’s relatively short-lived dependence on Svatopluk’s realm. It is incorrect to interpret the Czech history as the history of Bohemia that had absorbed Moravia. Moravia is an integral part of the Czech state and of the Czech nation to which it opens the area of Central Europe. Although it has preserved many of its peculiarities, by the same token it also has made a significant contribution to Czech statehood and culture. As it is almost impossible to imagine

the existence of the Moravians without the Czechs, it is just as hard to imagine the existence of the Czechs without Moravia and Moravians.

Retrospection counsels unity rather than separation. If we join forces we will overcome even the legacy of our recent past easier than if each of us acts on his own. When efforts are made to constitute the Moravian nation, we must ask whether it would create two viable nations (the Czechs, too, would become a new nation) or rather two sickly provinces in the heart of Europe.

(Josef Valka, 1929, noted historian, professor of Masaryk University in Brno, member of the department of history since his graduation, with the exception of the 1974-1989 period. He deals with the economic and cultural history of the Moravian region, mainly during the late Middle Ages and the baroque period. He has published a comprehensive volume, *Review of Moravia's History*.)

Partial Support for Ivan Svitak's Ideas

92CH0076A Prague PRITOMNOST in Czech No 7, 1991 p 5

[Article by Zdenek Pinc: "Svitak's Defense"]

[Text] Nowadays it is considered almost good taste for the so-called serious press to poke fun at Ivan Svitak and his views. Therefore, if I were to do justice to the above headline, I would undoubtedly be suspected of what today is the worst sin, namely, of left-wing sympathies—although as known, that is a childhood ailment of communism which we allegedly have irrevocably put behind us.

Because I do not follow Svitak's dicta thoroughly, I should like to limit myself to certain conclusions in his article "After the Wild West—Wild East?" (RUDE PRAVO 12 June), although the philosopher, some of whose views I intend to defend, has been somewhat downgraded by a picture above his article, which shows him with a bullhorn in his hand. In general, the Socratic character of his crusade would benefit far more from an inner focus on individual consciousness than from a camp orator's rhetorical figures of speech. However, it is difficult to change an old scandalmonger and eccentric.

Right in the introduction to the above-mentioned article Svitak approvingly refers to the latest papal encyclical *Centesimus Annus* stating that the fall of the communist regimes in East Europe must not be viewed as a sign of the triumph of capitalism, and from that he deduces the pope's blessing for the seekers of the third way in that region. Svitak correctly underscores that in terms of ideology and values, Catholicism and socialism share common roots, but the way he visualizes this third way from the economic point of view is obviously a rather dangerous utopia: "An alternative to the current method of reform is the development of the potential for production of goods for national consumption and not for foreign markets."

Here I should like to express my regret that he does not stick to his knitting and that he indulges in a rather rash game of pushing Klaus into the hands of various would-be healers. It seems that Svitak has taken seriously the challenge made by the authors of a series profiling the personalities of our day; they made every effort to present him as the main (untenable) alternative to *VK Forte*—the unique broad-spectrum antibiotic with no undesirable side effects for our ailing economy. However, Svitak's bag is philosophy which in that specific Socratic definition demands from the philosopher proof that the reality is obscure and that we do not hold it in our hands. Svitak's diagnosis of the dark side of this moment seems to me very perceptive, and only an unperceptive Areopagite would dismiss his questions with a wave of the hand. Let us recapitulate at least the most cogent ones: "It seems that our new economic dependence on technology and foreign capital is in fact dependence on Germany. Do we really want to return to the times of the Premyslid dynasty and prepare ground for another colonization, as a result of which we gained skilled tradesmen but also acquired fundamental antagonism to the 'meeting and struggling with Germans' which Palacky saw as the hub of our history?"

—"Our national and cultural independence will be just as controversial as it was a hundred years ago when Gordon Schauer posed the question whether our national revival made any sense at all and whether a better solution for us would not be expeditious adoption of German nationality. If our entry into Europe will cost us our national identity, then I would prefer any barter exchange with the USSR and the Third World over the chimeras of the billion-dollar loans from the IMF. They promise us imaginary prosperity and happiness of consumerism, but all they can guarantee is markets where surplus goods from the West will be sold in Central Europe only because at this juncture their national economies are forced to cut their own production drastically." And so on.

To be sure, the problems to which Svitak alludes in fact exist, and the popular tendency of belittling them could have grave consequences. In this publication I myself called on several occasions attention to the obvious connection of the Czecho-Slovak conflicts with the power play in the arena of traditional German-Russian geopolitical aspirations. Like Schauer, I, too, make the radical recommendation that on a trial basis we agree with the proposed questions. Yes, the objectives here concern certain attempts to launch a new wave of colonization; only an incurable dialectician—who can do nothing better than replace one Big Brother with another and in the Orwellian sense substitute one concentrated animal instinct for another that is just as shallow—could concoct illusions about the selfless aid of the West.

The label "Made in Germany" allegedly cannot be stripped off from 80 percent of foreign investments made here thus far; French press speaks more frankly than our media about the fear of investing in the German

area of influence. I, too, consider it an ominously problematic transition from Havel's existentially orchestrated revolution, which regarded the reclaimed human identity as the highest value, to the "return to Europe," which in many ways is nothing more than an eschatological vision promising that "this generation will already live in capitalism" (understand: we will be as prosperous as the FRG!), exactly as other similar visions from the era predating real socialism used to promise and as Khrushchev would say in the last instance.

Naturally, Svitek presents many more serious problems which cannot be ignored and swept under the rug. I am willing to agree that the legitimacy of our current government is in doubt because it has no mandate to introduce many basic policies (restitution, land law, etc.), that those measures are part of the election program, and moreover, that after the breakup of the Civic Forum it is possible for the same voters to cast—so far only occasionally but obviously, soon frequently—their ballots for the government as well as for the opposition.

Nevertheless, the reader may have noted that only a few of the problems quoted from Svitek's statements end with a question mark; the philosopher more often expresses his questions in a more or less noncontroversial way, and from their overall tone it would seem that in many instances he feels that his sentences should end with exclamation marks rather than with periods. However, we would expect from a philosopher that he identify the problems rather than scream the truth at the top of his lungs. Thus, the Socratic style of a philosopher who opts for a confrontation with the community and in the end goes to his death has in Svitek's version been slightly deflated by his populism; it does not lead to the garbage dump of history, where most of his many opponents would send him, but to political waters which for the philosopher seem, at least in my view, quite troubled. I would prefer to see him involved in academic endeavors where the charge that like Socrates, he also corrupts young people and introduces new deities would also be more appropriate and offer more relevant reasons for comradesly obligations of solidarity.

Army Said To Be Squandering Money

92CH0066B Prague MLADA FRONTA DNES in Czech
8 Oct 91 p 6

[Article by Josef Tucek including interview with Pavel Jegl, deputy in the House of Nations, and Pavel Konvicka, Helsinki Public Forum member; place and date not given: "The Army Is Squandering Money"]

[Text] The law on inspector general of the CSFR armed forces was passed by the Federal Assembly already in December last year, but since that time the overloaded parliament has been unable to determine who it should be. It did not succeed on Friday, 4 October, either.

We talked with Pavel Jegl (Civic Movement), deputy in the House of Nations, and Libor Konvicka, Helsinki

Public Forum member, who took part in drafting the law on inspector general, why his non-existence is a handicap.

[Tucek] We already have a civilian minister at the head of the Army. What then should be the function of a civilian inspector general?

[Jegl] Not to direct or command, but to keep an eye on the state and activities of the armed forces and provide information about it to the parliament, since he will be under its direct authority.

[Konvicka] According to the law, the inspector general has no executive power. But he can analyze the real situation in the Army, as well as in the armed forces of the Ministry of Interior.

[Jegl] That is why the law guarantees him access to all information and documents, and why he is authorized to carry out inspections in any army unit or facility. According to the law, all members of the armed forces can turn to him with suggestions as well as complaints regardless of official regulations.

[Tucek] What, in your opinion, should an inspector general be specifically looking into at this time?

[Konvicka] For example: Several days ago the public learned that during this year 31 soldiers perished during training. There were 130 cases of harassment that came before the courts, but that, of course, is only the tip of the iceberg, because an overwhelming majority of cases never came to light at all. It should be precisely up to the inspector general to search on behalf of the parliament for the answer to why this is happening.

[Jegl] Another thing would be a thorough analysis of why in fact soldiers in basic training leave the army, as they are able to do according to the law on civilian service. Such moves are not always based on conscientious objections; some people speculate that it will simplify their lives. But young men are also leaving to escape the harassment.

[Konvicka] Also leaving are people who never managed to adapt to life in the barracks, maybe because they are psychologically unstable. Such people should never have been inducted into the Army!

[Jegl] During induction proceedings no psychologists are present who could expertly evaluate the draftees. Anyway, at induction time no comprehensive information is given about the legal aspects of refusing army service, about the possibility of doing so as a conscientious objector, and what consequences ensue from such a decision. The young man then is not aware of everything he needs to know to make a responsible decision. An inspector general could point that out, and of course also propose solutions.

[Tucek] Elsewhere around the world, parliaments usually control the army by controlling the budget.

[Jeg] That is really the best known method. The Federal Assembly adopted an army doctrine that gives the Army tasks to accomplish during the coming years. The Army must submit a budget it needs to carry them out. By approving the doctrine deputies made it plain that it is needed, so that monies necessary to carry it out should not be subject to further requests. However, at issue is control over how they are used. That should be another task for the inspector general.

[Konvicka] The Army often complains that it does not have enough money, but according to some information from the production sphere the Army is spending money at an incredible rate.

[Tucek] How?

[Konvicka] During their army service, most men became familiar with the wasteful use of materials. But the Army also lets itself be fleeced by some manufacturing enterprises. The enterprise will include in the price of its products parts at 1991 prices, even though it bought them at 1990 prices. This is illegal, but the Army does not check it. In another kind of fraud armament enterprises include in the prices of their products overhead for all the operations of a factory, even though in reality the factory is operating only at a fraction of its capacity. Army purchasing officers do not pay much attention to whether they are paying prices that are excessive. But this is wasting government money, and, moreover, it is actually subsidizing arms production which should, on the contrary, be cut back. For example, the plane L-39 Albatros cost 38 million Czech korunas [Kcs] last year, now it will cost Kcs74 million. The materials are certainly more expensive, but not that much more expensive, I am sure. Or another example—soldiers are getting a new insignia for their hats; it is a very simple bit of metal. But the army is allegedly paying a full Kcs35 for it! The parliament should supervise such deals. And the inspector general should be the one to do it on its behalf.

Kcs50 Billion Bond Issue for Bank Improvements

92CH0066C Prague MLADA FRONTA DNES in Czech
8 Oct 91 p 6

[Article by Vladimir Matejovsky: "Remedy for Insolvency Found: Six Banks Will Receive 50 Billion Korunas in Bonds"]

[Text] Enterprise insolvency, the most serious problem of our economy, finally found a solution. Practice will show whether it is the right one; certainly yesterday afternoon the CSFR Financial Council agreed at a special meeting to release 50 billion Czech korunas [Kcs] for that purpose.

The meeting had only one item on the agenda, and the discussion, which according to our information became very heated at times, lasted seven hours. Two proposals were submitted—one from the Federal Ministry of Finance and one from the Czechoslovak State Bank. The latter, in which Ministers Dlouhy and Vrba participated

and which was also supported by the Slovak representatives, was in the end accepted as a basis.

According to the accepted solution three National Property Funds (FNM) will issue convertible bonds (bonds that can be converted into stock) in the total value of Kcs50 billion in the following proportions: Czech Republic:Slovak Republic:Federation—Kcs30:15:5 billion. These bonds will be used for two purposes.

In the first place, for the so-called recapitalization of the banks. In other words, the six banks that bear the burden of the state enterprises' debts (Commercial, General Credit, Investment, Czechoslovak Commercial, and both savings banks) will receive money in the form of convertible bonds to improve their bank balance. In every bank in the world attention is paid mainly to the share of its own capital in granted credits. Because the above-mentioned banks have little of their own capital and lot of outstanding credits still from the pre-November era, they are very vulnerable and therefore reluctant to grant enterprises further credits. The bonds will increase their foundation capital and it is expected that as a result they will be willing to grant credit even to more risky enterprises and projects (as most are today).

The other part of the bond issue will again be given to banks, but for the so-called risk funds. That will enable banks to write off part of the debts of the enterprises, those which have the best prospects. They will then be able to make loans to them for promising development projects without fear. The selection of the enterprises will be up to the banks, because they will be most concerned about choosing promising enterprises with the best prospect for repaying subsequent loans.

The bond issue will be paid off by the FNM's, and in order to have the money for it they will keep a certain number of shares of the enterprises from the coupon privatization (in the value of that Kcs50 billion). When the stock exchange begins operations, the FNM's will gradually sell these shares on the stock market and use the money they make to pay off the bond issue.

That is the outline of the solution that was approved yesterday. Formally it is still subject to the approval of the management of all three FNM's, which may cause difficulties perhaps only in Slovakia, where the local fund did not expect such a solution and the amendment would have to pass the Slovak parliament. The team of experts is to work out the "details" during the week. For example, what part of the bond issue will go for recapitalization and what part into the risk funds. And define a convertible bond. Will banks be able to, or have to, exchange some of the bonds with the FNM's for stock? And of which enterprises?...

The implementation of the project should begin within a month. The total debt of the enterprise sphere is estimated at 500 billion, the entire operation therefore covers about one-tenth. This is not a case of "pouring money into the economy," that is, inflation, the aim is merely to support the activities of the enterprises as well

as banks, which should revitalize the economy. The same goal is pursued by the controversial recommendation of the Finance Council to the Central Bank of the Czechoslovak State Bank to reduce interest rates.

Bata Company Returning to Czechoslovakia

92CH0066A Prague MLADA FRONTA DNES in Czech
12 Oct 91 p 1

[Article by Miroslav Gruener: "Bata is Returning; Hard Bargaining by Both Sides Ends in Signing Yesterday"]

[Text] The historic agreement on the return of the Bata Company to our market was signed yesterday in the Prague hotel Diplomat. The negotiations of the agreement took more than a year, and there was no shortage of dramatic moments. "It attests to the professionalism of both sides that we always managed to come to an agreement in the end," was Prime Minister Pithart's comment. "The bargaining was hard. It is not surprising as far as Mr. Bata is concerned. Otherwise he would not be who he is. But we also drove a hard bargain, of course," said the prime minister.

According to the information obtained by MLADA FRONTA DNES, the agreement provides for Mr. Bata to acquire 30 shoe stores in the Czech Republic, including the House of Shoes, all of them currently the property of the enterprise Obchod Obuvi. The state will

retain a 30-percent share of this network. These 30 shoe stores represent approximately 16 percent of our marketing network. That way the provisions of the antimonopoly law will not be infringed upon.

How much will Mr. Bata pay for these stores according to the agreement signed yesterday? He will acquire them on the basis of a commitment that he will spend at least \$10 million on their renovation during the next several years. Of course, if these stores are to reach the level that is customary for Bata stores, it will cost much more. In addition, the company must pay 17 million Czech korunas for the inventories it will take over. In the very near future, the Bata Company will also begin production of men's footwear in the Dolni Nemci factory (one million pair a year) and fashionable ladies' shoes in a location not yet determined (according to our information, it could be Roznov).

An agreement was also reached on the trademark Bata. Minister Vrba had this comment on the matter: "We cleared up something about the issue of ethics with the director of Svit Zlin. To my knowledge, nobody of the name Bata works in that enterprise." Taking part in the signing of the agreement, in addition to the prime minister and Minister Vrba, were Minister Stepova and former Deputy Prime Minister Vlasak. In view of that the required approval of the agreement by the Czech government should not be a problem.

Torgyan, Smallholders Faction Vow Reconciliation

92CH0037A Budapest *MAGYAR HIRLAP*
in Hungarian 16 Sep 91 pp 1, 3

[MTI report: "Independent Smallholders Party: Cooperation; Presidium, Faction Shake Hands; Olah and Borocz Reelected"]

[Text] It was early afternoon on Sunday that the parliamentary faction and presidium of the Independent Smallholders Party [FKGP] wrapped up its day-and-a-half-long conference that had been called to clarify the relationship between the party's two leading bodies. At a joint press conference, faction leader Gyula Pasztor and party chairman Jozsef Torgyan issued a statement on the subject to the journalists present. According to the statement, the parliamentary faction and the national leadership wish to cooperate on matters of basic party policy, but as far as its parliamentary functions are concerned, the faction wants to "carefully protect" its sovereignty. According to the party chairman, the statement unequivocally proves that—contrary to earlier expectations—the two bodies are not only not pulling apart, but also have taken important steps toward restoring their unity. Next, they plan to work out a joint action program.

By faction leader Gyula Pasztor's account the joint statement was needed because so far he has "received only instructions" from the presidium. Now they have an agreement pledging closer ties. Henceforth the two bodies will formulate a collective position on all important issues, and the faction will take great care to include the party's interests in its future decisions.

"There is a world of difference between being instructed to do something, and allowing the faction to participate actively in discussing a concept or principle." The joint statement makes it clear: "The relationship between the parliamentary faction and the leadership should be worked out in the spirit of more than six decades of party policy history, and carefully recognizing the jurisdiction of our elected bodies.

"On the fundamental question of party policy the parliamentary faction wishes to cooperate with the national leadership of the FKGP, while continuing to carefully protect its sovereignty in performing its parliamentary responsibilities. In the interest of effective cooperation there must be regular consultations among the national presidium, our members in government, and the parliamentary faction."

Responding to a question by MTI's reporter at the press conference, Jozsef Torgyan denied that in an earlier document the presidium had insisted the faction adhere to the presidium's instructions. As he put it: "I know of no such document; you must have misunderstood." To the same question, Gyula Pasztor replied that such a document did in fact exist, which is why this issue had to be addressed in the joint statement.

At the press conference, Jozsef Torgyan also told journalists that as a result of the weekend negotiations he decided that the faction leader would also be invited to participate in the upcoming coalition talks. As he put it: Discussions with the prime minister would be held next week to set a date for those talks. In the second half of their statement that faction and the presidium make it clear: "The FKGP can never become the party of privilege salvagers." Fundamental to their cooperation is the understanding that they would only employ expert and advisory bodies that are free of former MSZMP [Hungarian Socialist Workers Party] and KISZ [Communist Youth League] functionaries. In connection with this, neither Jozsef Torgyan nor Gyula Pasztor were willing to mention any names, but the faction leader did point out that already before the parliamentary elections, the former leaders of the party had ruled that no one who had served as a functionary of such organizations could serve in leadership positions for three years. Still, suspicions have been raised about two presidium and two faction advisers. Gyula Pasztor intends to ask the persons under suspicion to submit autobiographies, which he will present to the faction so that they can decide whether or not they wish to continue to enlist the services of the individuals concerned. Jozsef Torgyan promised that the presidium would work out a method of verification.

The representatives who had participated in the conference have interpreted the pledges laid down in the joint statement as a clear victory for the parliamentary faction. At the same time, it was also seen as a return to the party's original objectives. At the meeting they reelected the faction's two deputy heads, Sandor Olah and Istvan Borocz, but even after repeated balloting they were unable to pick a new faction secretary. According to the plans this should also be taken care of in a week. Contrary to expectations, the parliamentary faction did not take up the complaints raised against the chairman of the Defense Committee, Gyorgy Balogh. It did, however, discuss the issues surrounding the preparation of draft proposals to be submitted to parliament.

It took the position that in order to avoid having to face a situation in which the representatives of the government coalition party end up attaching most of the amendments to a proposed law, it must be involved in the ministry's work in drafting the legislation.

FIDESZ Representative: Dangers 'Overdramatized'

92CH0037B Budapest *BESZELO* in Hungarian
14 Sep 91 p 9

[Interview by W. Andras Nagy with Zoltan Rockenbauer, parliamentary representative of the Federation of Young Democrats; place and date not given: "Relaxed Counter-Force"]

[Text] Pollsters unanimously agree that the Federation of Young Democrats (FIDESZ) today is far more popular than any of the other political parties. That is to say,

it is much less unpopular. This probably also has to do with the fact that even some of our older citizens are more inclined now to look ahead to a better future. Yet presently the political scene is dominated mostly by lingering past grievances, emotions, and leftover conflicts. This is how, by September, we have come to face what some say is a mountain of critically serious conflicts. How is the situation viewed from our youth's perspective? This is what we have attempted to find out from Zoltan Rockenbauer. Despite his young age, the FIDESZ representative is considered a veteran in the struggle for democracy. Those who do not recognize his face at least, obviously did not follow the demonstrations of 1988-89 too closely.

[Nagy] The trade unions are in a state of war with one another, the government, and parliament. For obvious reasons they are scrutinizing the jurisdiction of the president of the Republic. Dr. Konya's "labor relations concept" is viewed by many as a manifestation of a new dictatorship. Do you think that all of this together amounts to a crisis, or just to something resembling one?

[Rockenbauer] The concept of a crisis is interpreted differently in the East and in the West. In the East, where countries are faced with civil war, coups, and disintegration, many would be happy if ours were the only kind of crisis they had to confront. In a Western democracy, of course, this kind of a situation would be considered a crisis. Here at home we have already grown accustomed to living with some scandals regularly, the extent of which fluctuates regularly between peaks and valleys. Right now we happen to be at the peak of such a situation. In part, of course, this is also due to the accumulation of a number of pending cases left over from the summer, which they are only now starting to try to resolve.

[Nagy] How can the situation be normalized, if normalization is at all possible?

[Rockenbauer] Now that is a more difficult question. The Konya case was quickly declared closed by the MDF [Hungarian Democratic Forum] faction. So far, however, similar attempts by the MDF have never led anywhere, as conflicts were left unaddressed and unresolved. The decision of the Constitutional Court will not solve the political problems surrounding the issue of presidential authority, or the selection of the media vice-presidents. As for the trade union issue, I expect a protracted struggle that only the inter-trade union elections will be able to resolve.

[Nagy] Will the Konya concept be able to make a breakthrough?

[Rockenbauer] Such a development, in my opinion, lacks the necessary institutional conditions. There is no lack of political will to make it happen; Konya himself has made this clear. If, however, a political party, in this case the MDF, chooses to overrun the public media the way the Turks went about occupying our forts, then we will no longer be able to talk about democracy in

Hungary. In my opinion, however, the institutional system we have in place would not permit this to happen.

[Nagy] Others, including the leaders of the SZDSZ [Alliance of Free Democrats], believe that this could in fact happen, which is why they are promoting that certain democratic charter.

[Rockenbauer] The FIDESZ has often been criticized for not taking the MDF's threats seriously enough. I, on the other hand, believe that the SZDSZ tends to overdramatize these kinds of situations. Starting from the cab drivers' blockade to this latest appeal, I have always had this feeling. These, after all, are not such apocalyptic situations, and the often emotional reactions they have given rise to have only exacerbated the differences between the opposing parties without advancing the issues involved.

[Nagy] This does not mean that the latest charter appeal is necessarily inappropriate.

[Rockenbauer] There are widely differing opinions about this within FIDESZ. I personally do not think much of the charter, although I admit that I am not really clear about what it will contain as I have only seen very sketchy outlines of it. I would suggest, however, that if the aim is to combat dictatorial manifestations by eliminating legal loopholes, the way to do this is not with charters. No democratic charter can take the place of the Constitution. If, on the other hand, the only purpose of the charter is to serve as a code of morals and ethics, then my problem is that such codes cannot sanction anything, and hence are of little use. Moreover, it would require the consensus of six parties, and those against whom it is directed would obviously refuse to sign.

[Nagy] As long as we are on the subject of the six parties: Isn't it conceivable that it will be precisely the heightened level of tensions that will bring the negotiators of those parties to the table?

[Rockenbauer] There is nothing to suggest that under the present circumstances the six parties would find it easier to agree about anything. On the contrary. If we assume that faction leader Konya is now the center of power within the MDF, then this is a definite indication of a movement from the Center to the Right. In the meantime, with the election of Torgyan as party chairman, the Smallholders are also experiencing a shift from the Center to a more extreme position. So it appears that on comprehensive issues of national importance an agreement among the six parties is even less likely than it was six months ago, when the idea was first raised.

[Nagy] Political conflicts are caused by current interests. For the most part, however, they all contain some old baggage, a grievance or problem that stems from the past. The elderly are looking for their lost youth. How do you, the happy youth, view such matters?

[Rockenbauer] I can fully sympathize with those who are demanding restitution because their land had been taken

away, or because they were deported to Recsk, or were imprisoned after 1956. However, we are not in a state of revolution right now, hence the dispensation of revolutionary justice is also unacceptable. In our present situation we must not diverge from the enacted statutes or experiment with nonlawful shortcuts.

[Nagy] But seeking historical justice is not the only reason why politicians, and especially our government-party politicians, turn to the past.

[Rockenbauer] In 1988-89, FIDESZ was among the most resolute opponents of the communist system and communist policies. So we have the moral foundation not to have to engage in a contest of anti-Bolshevik rhetorics with Dr. Torgyan. In the MDF it is also obvious that there is a tendency to seek refuge in the past from the party's various economic, governmental, and other frustrations. These are compensatory actions, to make up for a lack of a serious political program.

By definition, our focus is on the present and future. Suddenly we are faced with a myriad of problems: the unsolved issue of privatization, the need to curb inflation, the matter of normalizing our relations with our neighbors, preparation for the coming European integration, the implementation of true cooperation among the Visegrad Three, and so forth.

[Nagy] Mr. Rockenbauer, your comments reflect an almost relaxed sense of power.

SZDSZ Leader Bauer's Critical View of Party

92CH0037E Budapest MAGYAR HIRLAP
in Hungarian 16 Sep 91 p 4

[Article by A.J.SZ.: "Bauer: The Alliance of Free Democrats Has Lost Its Identity"]

[Text] The past few months also could not have passed without new storms on the Hungarian political and economic scene. Appearing at the SZDSZ's [Alliance of Free Democrats] Liberal Club, Tamas Bauer spoke about issues that are foremost on the public's mind today.

He stressed at the outset that the opinions he was about to share with his audience were his own, and did not represent the party's position.

He began by assessing the period that has elapsed since the political system change. He complained that the government was counting almost solely on restitution to bring about social and political change in the country. "Demagogic" was how Bauer described the MDF's [Hungarian Democratic Forum] position, which aims to build a society where hundreds of thousands and even millions of people can become proprietors, when the experience of the modern capitalist societies clearly shows that 80-90 percent of their populations are wage and income earners.

Despite all the well-justified emotions, the goal should be to use the wealth amassed by people under the previous

system in a manner that benefits the whole of society. We must face up to the fact that it was at the price of serious injustices everywhere that the establishment of modern market economies became possible.

In his analysis of timely political issues, Tamas Bauer repeatedly called attention to the dangers of the Konya study. The most important feature of that document, in his opinion, was the author's recognition of the indisputable fact that the majority of society did not support the MDF's program. Certain MDF leaders have come to conclude that the only way they can hope to score another election victory is by imposing their control over the means capable of influencing the populace. The forum apparently feels that democracy ends with the elections, and wants to use the social mandate it has received to assert its will in practically all areas of life, including the economy, culture, and mass communications.

The presenter spoke critically about the SZDSZ's present situation. Support for the SZDSZ has not increased in direct proportion with the growing dissatisfaction toward the government. The party has lost its identity, the populace does not sense that there may be an alternative out there, which has only contributed to society's apathy towards politics. One of the chief reasons behind the government's continued stability is the disunity among its opposition.

Democratic Charter, 1991: Transformation Falters

92CH0043A Budapest NEPSZABADSAG in Hungarian
27 Sep 91 p 5

["Text" of Democratic Charter, 1991; list of signatories and their affiliations; and response in the form of an interview by unidentified reporter with Dr. Laszlo Medgyasszay, Hungarian Democratic Forum representative; place and date not given]

[Text]

Text of Democratic Charter, 1991

I.

We, the signatories to this charter, are Hungarian democrats who, irrespective of our party affiliations, recognize that democratic transformation is stumbling in Hungary.

Many people turned away from politics not only because their living conditions have further deteriorated, but also because they perceived democracy differently.

We are aware of the fact that as every transformation of historic proportions, this decisive era in our country also produced unquestionable achievements along with shortcomings.

II.

We would like to preserve these achievements, and therefore we find it necessary to describe the kind of Hungarian Republic we want to have.

1. There will be democracy when we respect the legal order of the Hungarian Republic and its democratic institutional system in a manner consistent with the ideal of a constitutional state.

2. There will be democracy when the citizen need not fear the prevailing power, because the independence of the private sphere is protected by law against the preponderance of the state.

3. There will be democracy when the state retreats without delay from a significant part of the economy, when the pace of privatization accelerates, and when enterprises and banks still owned by the state no longer serve as the entailed property of the state, i.e., when the leaders of these enterprises and banks are no longer appointed by the ruling parties based on their ambitions to acquire political power, but on the basis of the leaders' outstanding professional capabilities.

4. There will be democracy when new entrepreneurial ventures are able to build their businesses on neutral and supportive rules, and when the start of new entrepreneurial ventures does not depend on the mercy of prevailing state bureaucrats and political office holders.

5. There will be democracy when the state provides elementary social welfare services to every resident of the country.

6. There will be democracy when employee interests are protected by trade unions established by workers which are independent from both the employers and from the state, and when those active in trade unions are protected by legal guarantees against all kinds of reprisals.

7. There will be democracy when the forces of power politics that prevail at any given point in time refrain from influencing the independent judiciary, when the state, guided by an intent to achieve social reconciliation, rejects the idea of enacting autocratic laws that make exceptions, and when political reprisals never take place in the Hungarian Republic.

8. There will be democracy when the majority that rules at any given point in time recognizes the fact that the Constitution of the Hungarian Republic limits its legislative and executive powers, and that the observance of such limits are guarded by the independent Constitutional Court.

9. There will be democracy when central paternalism no longer suffocates free local governments elected by the people, and when these local governments no longer try to evade oversight exercised by the voters in the administration of local affairs, and permit the people to check the functioning of local governments.

10. There will be democracy when every citizen of the Hungarian Republic may regard himself a member of the Hungarian nation, if he so wishes.

11. There will be democracy when the legitimate legislative and executive powers always carefully observe not to confuse the concepts of the nation and of the state, and while they hold responsibility for members of the nation residing outside of Hungary, they do not question the fact that as citizens these people belong to another state; when the legitimate legislative and executive power regards the East-Central European region as a reality in which all kinds of changes exerting mutual effects on peoples residing in this region can take place based on the mutual intent of these people and as a result of a peaceful agreement reached by these people.

12. There will be democracy when minorities in Hungary are able to retain and cultivate their identities and when the state and the majority that prevails at any given point in time concurs with this.

13. There will be democracy when the state manifests neutral tolerance toward the conviction and outlook on the world of all its citizens as long as these do not threaten others.

14. There will be democracy when those holding legitimate power at any given point in time surrender the idea of overtly or covertly elevating any kind of ideology to the rank of a state religion or state ideology, and when the educational institutions of the state do not force any kind of mandatory outlook on the world on students, when the prevailing power supports variety in educational trends with nonpartisan benevolence.

15. There will be democracy when the government that prevails at any given point in time guarantees the freedom of sciences and culture, and when it does not distinguish among those who pursue the sciences and culture on the basis of political loyalty, outlook on the world and official judgments of taste; when decisions concerning support for culture and the sciences, and with respect to the appointment of leaders to cultural institutions still controlled by the state are made by bodies of experts independent from the government.

16. There will be democracy when public service radio and television become independent from the government, the parties and local governments and when this independence is guaranteed.

17. There will be democracy when the freedom of the press is not limited either by a state monopoly, or by the financial preponderance of banks, or by the intimidation of journalists, and when the powers prevailing at any given point in time provide information to all legitimate news media.

III.

The best of laws or the best institutional system alone cannot protect freedom unless citizens with a strong and active will rise to defend the law and the freedom of citizens.

We, the signatories to the Democratic Charter raise our voices against phenomena which threaten the constitutional democracy; endeavor to prevent impatient, exclusionary, autocratic power groupings from rendering the Constitution of the Republic a dead letter and to permit ourselves, Hungarians, to live as free citizens and not as some subservient subordinates.

Anyone who agrees with this charter should express his agreement by signing it and should advise whether he permits the publication of his name.

* * *

Signatories and Their Affiliations

Economist Laszlo Antal;
political scientist Attila Agh;
theatrical director Laszlo Babarczy;
journalist Endre Babus;
economist Tamas Bacskai;
aesthetician Peter Balassa;
physician Eva Ball;
chemist, academician Mihaly Beck;
writer Pal Bekes;
writer Geza Beremenyi;
journalist Erzsebet Berkes;
writer, journalist Pal Bodor (Diurnus);
literary translator, editor Robert Bognar;
economist, (bank president) Lajos Bokros;
Paks Mayor Imre Bor;
sociologist Laszlo Boros;
journalist Katalin Bossanyi;
sociologist Andras Bozoki;
retired university professor Miklos Boszormenyi;
chief counselor at the Reformed Church Synod office
Oliver Czovek
editor Judit Csaki;
family helper Roger Csaky-Pallavicini;
writer Zsolt Csalog;
writer Vilmos Csaplar;
composer Tamas Cseh;
sociologist Gyorgy Csepeli;
jurist Istvan Csillag;
theatrical director Imre Csizar;
writer, publisher Gabor Csordas;
therapeutic educator Barbara Czeizel;
psychologist Bernadett Cziike;
film director Krisztina Deak;
Lord Mayor Gabor Demszky;
musician Laszlo Des;
literary translator Katalin Dezsenyi;
physician Ferenc Donath, Jr.
film director Judit Ember;
jurist Sara Elias;
philosopher Zoltan Endreffy;

psychologist Ferenc Eros;
writer Peter Fabri;
journalist Zoltan Farkas;
editor Tivadar Farkashazy;
film director Gyorgy Feher;
jurist, National Assembly representative Gabor Fodor;
music aesthetician Geza Fodor;
aesthetician Laszlo Foldenyi;
Trade Union League Chairman Pal Forgacs;
physician Robert Frenkl;
political scientist Gyorgy G. Markus;
editor Ivan Gador;
writer Laszlo Garacsi;
journalist Ferenc L. Gazso;
historian Andras Gero;
writer Balazs Gyore;
aesthetician Peter Gyorgy;
historian Janos Gyurgyak;
historian Tibor Hajdu;
writer Agnes Hankiss;
physician Maria Haraszti;
chemist, academician Istvan Hargittai;
historian Vilmos Heiszler;
chemist Gyorgy Horanyi;
literary historian Mihaly Ilia;
economist, bank president Gyorgy Ivanyi;
sociologist Istvan Kamaras;
writer Gyorgy G. Kardos;
chemist Julianna Kardos;
journalist Andras Kepes;
editor Andras Kereszty;
theatrical director Imre Kerenyi;
social science researcher Laszlo Keri;
editor, National Assembly representative Zoltan Kiraly;
philosopher Endre Kiss;
musician Laszlo Kistamas;
physician Andras Klauber;
Reformed Church Bishop Elemer Kocsis;
pianist Zoltan Kocsis;
actor Robert Koltai;
editor in chief Tamas Koltai;
aesthetician Csaba Konczol;
writer Gyorgy Konrad;
writer Mihaly Kornis;
jurist (Workers Councils) Laszlo Kovacs Kikova;
journalist Zoltan Kovacs;
actress Kriszta Kovats;
sociologist Gyula Kozak;
economist Zoltan Krasznai;
editor Maria Lakatos;
economist Mihaly Laki;
chief rabbi Gyorgy Landeszman;
economist, corporate president Andras Laszlo;
economist Laszlo Lengyel;
writer Balazs Lengyel;
physician Laszlo Levendel;
historian Gyorgy Litvan;
electrical engineer, academician Jozsef Lukacs;
film director Karoly Makk;
writer Ivan Mandy;
literary historian Istvan Margocsy;

composer Istvan Martha;
sociologist Ferenc Miszlivetz;
National Assembly representative Peter Molnar;
journalist Peter Molnar Gal;
humorous writer Andras Nagy Bando;
sociologist Maria Nemenyi;
writer Gabor Nemet;
economist, National Assembly representative Rezso
Nyers;
National Assembly representative Sandor Olah;
Phralipe president Bela Osztokjan;
art historian Julianna P. Szucs;
writer Lajos Parti Nagy;
social psychologist Ferenc Pataki;
historian, National Assembly representative Ivan Peto;
economist Maria Zita Petschnig;
historian Janos Poor;
aesthetist Sandor Radnoti;
movie actor Elemér Ragalyi;
poet Zsuzsa Rakovszky;
legal historian Tamas Revesz;
editor Pal Rez;
chief psychiatrist Istvan Samu;
jurist Tamas Sarkozy;
film director Pal Schiffer;
Fot parish priest Sandor Sebok;
writer Gyorgy Spiro;
economist Gyorgy Suranyi;
political scientist Lajos Matyas Szabo;
writer Magda Szabo;
mathematician Zoltan Szabo;
sociologist Erzsebet Szalai;
sociologist Julia Szalai;
editor in chief Zsolt Szebeni;
theatrical director Gabor Szekely;
economist Peter Szirmai;
writer Adam Tabor;
journalist Ervin Tamas;
Obuda, Bekasmegeyer mayor Istvan Tarlos;
clinical psychologist Teodora Tomcsanyi;
philosopher Zador Tordai;
Kalocsa mayor Gusztav Torok;
movie actress Dorottya Udvaros;
historian Szilard Ujhelyi;
mechanical engineer, writer Rudolf Ungvary;
journalist Eva V. Balint;
editor Andras B. Vagvolgyi;
academician Tibor Vamos;
journalist Istvan Vancsa;
poet Szabolcs Varady;
historian Laszlo Varga;
sociologist Maria Vasarhelyi;
historian, National Assembly representative Miklos
Vasarhelyi;
psychiatrist Andras Veer;
literary historian Andras Veres;
literary historian Erzsebet Vezér;
editor in chief Matyas Vince;
sociologist, National Assembly representative Ivan Vit-
anyi;
film director Laszlo Vitezy;

journalist Karoly T. Voros;
sociologist Pal Zavada;
managing director Gusztav Zoltai;
director Gabor Zsambeki.
*One can join by writing to Democratic Charter, Budapest
1. Post Office Box 1358.*

* * *

MDF Representative's View

We inquired from Dr. Laszlo Medgyasszay, Hungarian Democratic Forum [MDF] representative and the party board's public affairs director, whether he regarded as acceptable the ideas contained in the Democratic Charter.

[Medgyasszay] At first reading I do not find any statement that is alien to me. A more serious analysis would be required to form a more thorough opinion.

[NEPSZABADSAG] Are you going to sign it?

[Medgyasszay] No, I will not. If I was unaware that this charter had been written by serious people I would just smile over the fact that fears must be recorded this way in 1991. But since I am aware that this writing originates from serious people, I wonder and I am saddened by the fact that there are people who feel that it is necessary to issue a Democratic Charter in Hungary.

I certainly would call an alarm if I recognized any threat to democratic development. Ever since I entered public life I have been working on getting people from various parties together. This is what I have done in my village, and now I am trying to do the same in national politics. Accordingly, I am by all means for cooperation based on democratic principles. I am concerned, however, that political hysterics may evolve even in the framework of a multiparty system and that the creation of an enemy image may become an everyday event. I do not regard this declaration as one of these things, of course! I sense that the charter came about in defense of something. But it could hardly be self-serving! Therefore I will still raise this question: From whom should Hungarian democracy be protected today? From the state? From the ruling parties, or from some groups of adventurers who pop up sometimes on the extreme Left, and sometimes on the extreme Right?

Bauer on FIDESZ, Antall Government

92CH0047A Budapest MAGYAR NARANCS
in Hungarian 11 Sep 91 pp 4, 12

[Article by Alliance of Free Democrats leader Tamas Bauer: "The Orban Boomerang"]

[Text] In the past NARANCS has more than once joked about the Alliance of Free Democrats' [SZDSZ] critique of FIDESZ [Federation of Young Democrats]. For example, Gyorgy Such wrote an interesting analysis in the 10 April issue about the way we reacted to FIDESZ's six-party initiative. In the 25 July issue Andras Bozoki

analyzed changes in FIDESZ's political profile and the Free Democrats' fruitless attempts to attach "effective counter-labels" to FIDESZ. He said that in my articles I questioned the liberal character of FIDESZ as a party and that I objected to FIDESZ following its own long range interests. Since the readers of NARANCS could hardly remember my Fideszological essays published in BESZELO—if they read those essays at all—I want to make clear that I periodically express my apprehensions about FIDESZ not because it strives to gain power, but because it does so the wrong way from its own point of view.

A Front Against the SZDSZ

Bozoki made reference to the fact that FIDESZ's line of advocating a radical-liberal alternative was supplemented with turning against the SZDSZ prior to the 1990 elections. Without any foundation, Tamas Deutsch accused the SZDSZ of expropriating the 15th of March, and he cornered us in de facto cooperation with the MDF [Hungarian Democratic Forum]. Prior to the second coalition FIDESZ declared its preparedness to reach a coalition agreement with the conservatives, and FIDESZ leaders made several statements for weeks to this effect before a government had been formed. Although FIDESZ recognized the appropriateness of an MDF-SZDSZ agreement at the time it became known, subsequently it strongly attacked the agreement and tried to discredit the SZDSZ by mentioning the "large parties" together.

The second round of distancing from the SZDSZ occurred after the local elections: FIDESZ was not willing to cooperate at Budapest City Hall and reached a coalition agreement in several cities in the countryside with ruling coalition parties rather than with the SZDSZ. Even the semblance of joint action with the SZDSZ was to be avoided. Whenever the SZDSZ adopted a position advocated earlier by FIDESZ, FIDESZ itself distanced itself from that position or created the semblance of being in the center without distancing itself—e.g., in the PTB [expansion not given] case in parliament or regarding the World Fair within the Budapest General Assembly. The most spectacular example of this conduct could be seen when FIDESZ abstained from voting when the law on church property was to be decided so as to squeeze the SZDSZ into an antichurch position, even though there was no difference between the negative positions of the two parties expressed in debate.

The supreme goal is to stand "between the two large parties." Although Viktor Orban often acknowledges that insofar as programs are concerned, FIDESZ is closer to the SZDSZ [than to the MDF], the party's conduct is defined by the party's interests, and therefore, from a political standpoint, FIDESZ maintains an equal distance from both the MDF and the SZDSZ, according to Orban. FIDESZ does not even want to hear the expression "liberal opposition." As we learned from Jozsef Debreczeni's article published in NEPSZABADSAG, "...

when the joint walkout scene that followed the Bossanyi-Jeszenszky affair was followed by a necessarily joint (SZDSZ-FIDESZ-MSZP [Hungarian Socialist Party] press conference, Orban shouted at Tolgyessy saying: 'Such a thing must not happen again, do you understand?'" And it so happened that in a self-explanatory manner the positions of the SZDSZ and FIDESZ, e.g., regarding the church property law, were very close in vain; FIDESZ recommended six-party negotiations and not joint action by two or three opposition parties.

In the Center, but Compared to What?

In 1988 and 1989, FIDESZ policymakers who started out from the fringes learned from textbooks that they had to struggle to reach the center in order to achieve a future victory, and that from the center they had to squeeze the MDF to the right and the SZDSZ to the left, the latter next to the MSZP in agreement with the MDF. This would be all right, except for the fact that FIDESZ's membership and most FIDESZ sympathizers had been attracted to FIDESZ by its liberal outlook. These members and sympathizers are not far removed from the SZDSZ either, because even Viktor Orban requires a magnifying glass to find a difference between the two parties' program principles. MAGYAR NARANCS biweekly attacks the MDF and its government at least as forcefully as BESZELO does on a weekly basis. Considering this fact, how is it possible to sell the story of FIDESZ maintaining an equal distance between itself and both the MDF and the SZDSZ to followers and voters?

This purpose had been served by depicting the Hungarian political spectrum in a way that says that the MDF is a collective party that has a national liberal core, and which is no less of an acceptable democratic party than the SZDSZ or FIDESZ itself. Troubles are concentrated within the right-wing populist extremists of the MDF and the Smallholders [Independent Smallholders Party]. This is one reason why FIDESZ regarded the Smallholders as its chief opponent in parliament last year. And with its six-party proposal FIDESZ endeavored to strengthen Antall's centrist wing within the MDF against the populist-national wing, and within the coalition against the Smallholders, just as the SZDSZ did a year earlier when it consummated a pact with the MDF. At the same time, FIDESZ presents the conflict between the MDF and the SZDSZ as some irrational hatred, as the continuing life of the populist versus urbanite conflict, from which the rational, pragmatic FIDESZ wisely stays away. This presentation is repeated in Gyorgy Such's writing published in the 8 August issue of NARANCS, in a splendid analysis of "the sickly distorted thinking of the MDF leadership." But Such makes no effort to prove that the SZDSZ's opposition to MDF is similarly irrational. Nor are Such or other FIDESZ people disturbed by the fact that in explaining the difference between the MDF and the SZDSZ with the populist-urbanite conflict, they themselves almost reach the point of qualifying the SZDSZ as a "Jewish party."

I do not believe that an irrational hatred, or, to use Viktor Orban's words (NARANCS, 18 April), "a neurotic relationship" sets the SZDSZ against the MDF. The meeting at Monor, last spring's pact, or the offers made to the MDF after the local elections demonstrated that the former BESZELO circle and today's SZDSZ, aware of deep-seated differences in political outlook, always endeavor to achieve normal coexistence and even cooperation with the populists and with the MDF. The fact that today this relationship is also characterized by strong opposition from SZDSZ's side must not be attributed to some political neurosis, but to the MDF and to the government's policies. The SZDSZ leadership should realize after all that within the MDF there does not exist a liberal center led by Antall—a liberal center whose democratic intentions even the SZDSZ trusted a year ago.

Viktor Orban told journalists after Geza Jeszenszky's scandal in parliament that, "Thus far I believed that these were bad moments in the life of the foreign minister. By now I recognize that this kind of thing is his normal behavior." This is the situation indeed, and not only in regard to Jeszenszky. Kalman Keri stated that he approved of the role the Hungarian Honved Forces had played during the war and Tamas Katona said only this much: Hungarian soldiers defended their country on the eastern front. Raffay planned to restore the Trianon monument and Antall made a statement concerning the status of the Voivod region that could be incorrigibly misunderstood. Csurka openly states that he would like to see the press in the hands of the government, while Antall takes several steps to annex MAGYAR NEMZET and MAGYARORSZAG. Csurka uses words to instigate against bankers while the government sets an example by dismissing an already chosen bank president. Another bank president quickly joins the MDF in response. I could go on with examples. All signs indicate that regardless of what the truly liberal-motivated dissatisfied insiders dream about, the MDF as a whole is not a modern, West European style right-of-center party, but a new edition of a conservative-authoritarian right-wing outlook from between the two world wars. This characteristic of the MDF drives it repeatedly to take foreign policy, domestic policy, and cultural policy steps which are self-explanatory from the standpoint of a conservative-authoritarian outlook, but are unacceptable in the framework of a modern European democracy.

We are not dealing here with mere excesses which remain on the peripheries of politics, and in spite of which "the government has not made irreparable mistakes," as FIDESZ said after the first 100 days. Antall not only tells the opposition to shut up, and not only calls anyone a traitor who criticizes foreign policy, but the entire conduct of the cabinet inside and outside of parliament is also characterized by a total disregard for the opposition. FIDESZ tried its idea of six-party negotiations—which would have blunted the opposing role of the ruling coalition and the opposition—in vain, the MDF rejected this offer of search for a consensus. The

MDF attacks the independent press not only verbally, it methodically proceeds toward annexing the press. The strengthening of centralized state power is also progressing methodically, while the dismantling of the state's economic and cultural role is being postponed to the uncertain future just as in their own days the Bolsheviks postponed the dying of the state. Instead of building a state that is neutral from the standpoint of ideology, they are constructing a state which relies on, and is intertwined with the churches, and which strengthens the churches' power over the souls. What prompts the free democrats not to reconcile with these endeavors but instead to fight these endeavors is neither a political neurosis nor irrational hatred, but defense of the new-born liberal democracy.

The Boomerang

Let us set aside the question of whether we like or dislike FIDESZ's policy which seeks a position between representatives of authoritarianism and liberalism. Let us rather examine whether this policy achieves its purpose. Will it accomplish the goal of making the professional, pragmatic FIDESZ the leading opposition party instead of the equally amateurish and ideological SZDSZ which is led by traditional biases, so they say, and then, in the course of the next elections, of becoming the leading governing force by squeezing the MDF into the opposition, or even into a situation in which it plays the role of the weaker coalition partner?

If guided by public opinion polls alone we could believe that FIDESZ's strategy had worked. The endeavor to reach the center had been successful, persons asked by pollsters regard FIDESZ as a party which is in the opposition to a lesser extent than the SZDSZ by now. All polls uniformly show that FIDESZ is the most liked party and if elections were held today FIDESZ would receive the largest number of votes. The only trouble is that wherever elections are being held—in Erzsébetvaros, Kisber, and Szerencs—only a fraction of voters goes to the polls, and in two out of three voting districts FIDESZ falls behind the other two opposition parties.

This takes place because FIDESZ policymakers perceived themselves as acting in a developed democracy and thought that the stakes in this game amounted to zero: Whatever votes the ruling parties would lose and whatever votes FIDESZ would manage to take away from the SZDSZ would all be cast for FIDESZ. An entirely different process evolved in Hungary: Voters turned away from parties and from new political institutions, and did not go to the polls.

FIDESZ leaders themselves took part in discrediting the parliamentary system by attacking jointly with Pozsgay's people the MDF-SZDSZ pact and the "large parties." And even beyond this, political instinct prompted FIDESZ leaders to make the most of the trend in which people turned away from the parties and from parliament, as long as that trend had already developed. We are a party to the least extent, in the adverse sense of that

term, FIDESZ candidates proclaimed in their election campaigns. The national leaders of FIDESZ agitate against partisanship and for the enforcement of professional considerations as opposed to partisan political considerations. Thus they also strengthened the trend of turning away from the parties as much as that was possible, sensing that the public regarded FIDESZ as a party to a lesser extent than it did the large parties, and that favorable public opinion polls could be attributed to this stance, as this was also referred to by Andras Bozoki.

The trouble is that making most of the idea of depoliticizing processes is a double-edged sword. Although those who have become disillusioned with party politics like FIDESZ most, this liking does not prompt them to go to the polls. Why should they vote?

As Andras Bozoki appropriately senses this matter, FIDESZ's move to the center, its distancing itself from the SZDSZ and the rejection of FIDESZ's essential character of being the "liberal opposition" proved to be the truly dangerous game. The result of this is that from a practical standpoint there is no opposition in Hungary today able to offer an alternative to the government, even though three parties are seated in parliament which have no members in the cabinet and which regularly vote against the government. But these parties do not present a viable alternative to the ruling coalition. Jozsef Antall remarked with satisfaction in his May television interview that, "The three parties are linked to each other by only a very few things." People voted for the opposition parties in the local elections in vain, the parties did not create liberal coalitions within local governments. From the standpoint of the Hungarian voter—unaware of the significance of ruling party coalitions which transform as a result of small shifts in voting ratios in multiparty West-European democracies—this means that there is no alternative to the present government.

This is why Jozsef Antall is so satisfied with the situation created by FIDESZ—he has no other reason to be satisfied. He recognizes well that however weak the government's performance may be, lacking a united opposition voters do not recognize an alternative, and that voters will regard the rule of the present governing coalition as a matter of fate, just as they regarded the rule of the MSZMP [Hungarian Socialist Workers Party] earlier. There will be no active dissatisfaction, it will not manifest itself in votes cast for the opposition, dissatisfaction will result in passive opposition, in staying away from the polls. Thus, along with a low voter turnout, the present ruling parties will remain in the majority. FIDESZ, the "most liked party" will have no other choice but to surrender its program and join the MDF government or to remain in the opposition. (Considering the tension-filled MDF-Smallholders coalition, how could an MDF-FIDESZ coalition be?)

This will be the case, unless the SZDSZ gains strength, and unless FIDESZ policies change.

New Organization Aids Hungarian Minorities

92CH0037F Budapest MAGYAR HIRLAP
in Hungarian 23 Sep 91 p 1

[Article by SZ.SZ.: "To Assist the Hungarian Diaspora; Hunyadi Alliance Is Considered Equal Partner by the Government"]

[Text] The Hunyadi Alliance, established on Saturday, is, according to the purported intention of its founders, a democratic social organization, independent of all political parties and open to all trends, which is dedicated to bringing about the reintegration of the Hungarian diaspora.

A month ago, 50 intellectuals issued an appeal, calling for the establishment of an organization that would call attention, both in our country and beyond our borders, to the plight of Hungarians living in Yugoslavia, and aid the Hungarians living there. At the statutory meeting, political state secretary of the Prime Minister's Office, Geza Entz, told his audience that the organization just formed could do a great deal to help bring about the new integration of the Hungarian diaspora. Keeping in mind the collective fate of the peoples living in the region, this new integration must become a part of the evolution of a new Central European region. The government, said the state secretary, would treat the alliance as an equal partner in that endeavor.

According to the president of the provisional presidium, Andras Bertalan Szekely, the alliance's main task will be to provide factual information about the situation of Hungarians living to the south of us, both for the public and for political decisionmakers. It must aid the struggle against assimilation by promoting the cause of Hungarian-language instruction, and help people with legal grievances and those fleeing their homeland by offering monetary assistance, interest protection, and legal advice.

The draft minority laws currently under preparation by the new regime that has declared independence in Slovenia represent a step backwards for Hungarians living there compared with the rights they have enjoyed so far, but there is still hope for a positive solution. The assimilation of Hungarians in Vajdasag [Vojvodina] has significantly accelerated in the past few decades. Minority media forums in many cases are headed by individuals, subservient to the regime, who are "Hungarians only by name." The fate of Hungarians living in Vajdasag has been made somewhat easier owing to the activities of the VMDK [Democratic Association of Hungarians in Vajdasag].

In the opinion of VMDK representative Janos Vekas, the alliance's primary goal should be to redefine the national interests in a modern, European manner. The possibilities available to the Hungarian government are limited—according to Janos Vekas—hence the best way for Hungary to help is by accelerating its integration into the new European order as quickly as possible. The

representative of the Alliance of Hungarians in Croatia called attention to the seriousness of the refugee problem, while the spokesman for the small Hungarian organization of Slovenia requested cultural assistance from the mother country and spoke about the importance of crossable borders.

Speaking for the Croatian minority in Hungary, Gyorgy Frankovics called for peaceful coexistence, pointing to the common historical heritage of the peoples of the region. The president of the World Federation of Hungarians, Attila Komlos, pledged the assistance of the Hungarian diaspora in the West in making the alliance's goals a reality, pointing out that through their extensive network of contacts, Hungarians in the West could be of valuable assistance.

As the last item on the agenda, they adopted the Hunyadi Alliance's bylaws and elected its office holders. Ferenc Pecze was named president, and Andras Bertalan Szekely was elected secretary general.

Official Investigation of Zwack Fire Terminated

*92CH0037C Budapest MAGYAR HIRLAP
in Hungarian 14 Sep 91 p 3*

[MTI report: "Investigation in the Zwack Fire Case Terminated"]

[Text] Due to a lack of evidence, the National Police Headquarters has terminated its criminal investigation into the cause of the fire that destroyed the Zwack apartment, along with its efforts to identify the unknown perpetrator and charge him with public endangerment, announced police spokesman Gyorgy Suka. It was in the early morning hours of 19 April of this year that the apartment of the former ambassador to Washington, Peter Zwack, burned down. The spokesman added that the administrative and criminal investigations did determine the cause of the fire as being arson.

MDF Deputy Sees 'Enormous Reserves' in Economy

*92CH0023B Budapest NEPSZABADSAG in Hungarian
20 Sep 91 p 8*

[Interview by Miklos Merenyi with Ivan Szabo, Hungarian Democratic Forum member of parliament and head of the parliament's economic committee; place and date not given: "There Are Huge Reserves; Ivan Szabo on the Economy"]

[Text] The economy of our country is in a severe crisis, and the economic leaders are powerless. The only existing governmental concept, the Kupa program, is heading for a failure. This is how we could sum up the accusations frequently voiced by the opposition in recent weeks. We talked with MDF [Hungarian Democratic Forum] deputy Ivan Szabo, the president of the economic committee, about how he sees the state of Hungarian economy.

[Merenyi] I do not wish to draw historical parallels, but I feel that the governing coalition would achieve its greatest success if it finally managed to create a stable forint [Ft]. In your view, did the economic leadership make every effort to this end?

[Szabo] Our greatest success was on the global money market, where, following the latest adjustment of official exchange rates, the forint's value was increased rather than lowered. This is also an indicator of international confidence in the Hungarian forint.

[Merenyi] How do you see the state of domestic stabilization, and that of inflation?

[Szabo] The results of the past six months provide firm indication that the prognoses were correct: By the end of summer the growth of inflationary rate halted, and it will probably start to shrink. Most importantly, there is no longer any inflationary pressure from the production side. By the way, I consider this a natural consequence, because, in a peculiar manner, Hungary's inflation came about in the midst of over-production rather than as a result of shortages.

In other words, we can maintain domestic stability; the only thing we must do is put limits on budgetary over-spending.

[Merenyi] The budgetary over-spending, the overloading of the State Treasury, and the delays in applying reforms in this area are exactly the factors that make the Kupa program so unlikely to succeed.

[Szabo] The budget is not in a really bad shape. The trouble is not with over-spending, but with the absence of income. Payments in excess of Ft20 billion have not been made, primarily because of bankruptcies; moreover, this sphere is even unable to fulfill its responsibilities regarding social security.

[Merenyi] Then perhaps it is unadvisable to burden the state budget with compensations and promises concerning a world exposition.

[Szabo] Compensation will not result in the expenditure of twenty fillers this year. The compensation coupons will be distributed in November, so their circulation is not likely to begin before next spring. Even that time, it will represent no direct burden on the budget; at most through its capital interest, but even that will be distributed over the next two to three years. Thus, this would represent a substantial budgetary burden and an inflationary factor only if the mood of people was somehow influenced, prompting them to sell their coupons in a panicked manner, below their nominal value. There is no need to do this, however, because there are numerous legal measures ensuring that the coupons can be used at their nominal value, such as in the form of trust funds or dwelling purchases. A significant portion of expenditures made as compensation (with the possible exception of dwelling costs) is, in fact, a production resource. Elements of society receiving such payments will, sooner or

later, become entrepreneurs, and this will produce useful results, evidenced in such things as tax income. I have always considered compensation as a long-range credit that contributes to entrepreneurship.

[Merenyi] When it comes to the world exposition, however, even in the best scenarios it will produce tax earnings or contribute to enterprise only in the very long run. Before anything else, it will necessitate expenditures.

[Szabo] Undoubtedly; but not this year. Moreover, we could not avoid making some investments in the infrastructure, and some of these have already been embodied in this year's budget. Even the cost of Ft30 billion will be spread over the next four to five years, with its monthly residential burden amounting to no more than about Ft65 per person. It will be worth it, on the other hand, if it creates new jobs, and the state will have to pay less in unemployment assistance.

[Merenyi] Evidently, the reduction of state participation will be implemented through privatization. Do you feel that it is proceeding at a satisfactory speed?

[Szabo] Of course, we would be very happy if it proceeded even faster. However, we must move huge amounts of wealth, and we can hardly do this any faster, since the primary factor here is demand. Thus, the solution is not in diverse privatization methods; after all, 60 percent of Western capital invested in East Central Europe already ends up in Hungary. And capital influx during the first four months of this year already exceeded the amount invested during the entire year of 1990.

[Merenyi] Do not you feel that political considerations interfere much too frequently?

[Szabo] How could that be avoided? An entire society is being transformed here, and in that process only one consideration has to do with having it all take place in a smoothly operating economic atmosphere. At the same time, people have societal expectations, too. They are interested, indeed, in who are the proprietors. We frequently hear the accusation that, even while privatization is proceeding at a normal pace, systemic change is hindered by the fact that former managers retain their positions.

[Merenyi] Obviously, this has something to do with conflicting economic philosophies: The liberals are not as interested in the "origin" of the economic elite as your party, and they are also presupposing a greater equality of economic chances. What methods do you see that would make the realization of this possible?

[Szabo] One is the ownership of shares by employees, the other is the new law on cooperatives. Both of these will result in democratic forms of proprietorship. For my part, I also include here the law on compensation.

[Merenyi] In your view, what will guide the government's actions: The program espoused by the MDF during the elections, the Kupa program, or the "selective

export development" concepts proposed by the Ministry of International Economic Relations [NGKM]?

[Szabo] Unquestionably, the primary guide for us is our own party program. But the coalition government also has a program, as exemplified by the Kupa program. I believe that the debate between Mihaly Kupa and [Bela] Kadar is a little overestimated. The most we can talk about is a difference of emphasis. There is serious work going on here, rather than a debate. And do not forget this: While the store is being renovated, business goes on undisturbed.

State Property Chief Wins 'Battle' With Kupa

92CH0023A Budapest MAGYAR HIRLAP
in Hungarian 24 Sep 91 p 11

[Article by Gyorgyi Rajnai: "The State Agency for Property Management Remains Unchanged: Csepi Won a Battle Against Kupa"]

[Text] Ever since Mihaly Kupa was appointed to be minister of finance, from time to time one could witness noisy confrontations between him and Lajos Csepi, the managing director of the State Agency for Property Management. Although the issue of privatization has not been settled, it now appears that, thanks to last week's cabinet decision, we may expect a period of temporary cease-fire; even if Lajos Csepi's position is not always certain.

Lajos Csepi can sigh with relief. He won a battle against Mihaly Kupa.

Last week's cabinet meeting resulted in a decision with which he [Csepi] can be quite happy.

At the beginning of this week it looked like he might be in considerable trouble. What happened was that, once again, it was gossiped that he was a candidate for dismissal. True, this was not the first time he was the target of such talk. The same thing was said about him when Mihaly Kupa was appointed to head the ministry. This time, a reporter for Hungarian Radio asked Gyorgy Rasko, state secretary at the Ministry of Agriculture, whether it is true that he [Rasko] is to replace Lajos Csepi. Naturally, Gyorgy Rasko denied any knowledge of such plans. After all, such replacements are usually not made public until their final approval stage.

The name of the agrarian state secretary is not the only one in circulation. There is also Janos Martonyi (state secretary at the Ministry of International Economic Relations), who has once already aspired to head the Property Management Agency. But, of course, these are nothing more than speculations, suitable only to discourage Lajos Csepi. That is not an easy task because, according to his own statements, he is used to such conjectures. It appears that the agency is facing a period in which order will be established. This is indicated by the fact that a few weeks ago three associates found themselves on the list of persons to be dismissed, while

one has been demoted. There is no precise explanation for these personnel actions, although some people cite the fact that the privatization process yielded only a fraction of the 40 billion forints it was expected to produce this year. (Exact figures vary depending on who provides the information, although Lajos Csepi claims that the earnings may amount to as much as 30 billion forints.)

Others feel that earnings that did not materialize cannot be attributed to the staff members, but rather the supervisors.... And it was also asked whether the earnings expectations had realistic bases; although a negative answer in this case would still be irrelevant. There was a time when Lajos Csepi considered those expectations feasible. He certainly was familiar with the projections when he accepted his post, so it is proper to hold him accountable for its realization. The managing director knows that he will be held accountable, just as he knows that it will not be easy to give a full account. Of course, there may be a good explanation why the expectations were not realized. There were far too many factors that hindered the privatization process. Some of them could not be foreseen (such as the fact that the agency had to participate in a great many programs, which made its work quite difficult), but the agency is not entirely free of liability. This is why some people ask: Is not Lajos Csepi using his three associates as scapegoats?

At the same time, why did [Csepi] shunt one of the directors, Peter Rajcsanyi, to the side? He supervised the so-called active privatization actions, i.e. those that were favored by the agency. Those were recently taken away from him, leaving him only the initial privatization program. True, he can use the title "director," but without any genuine authority. Moreover, they appointed the agency's corporate counsel to be his deputy, giving the new man complete sovereignty over the spheres that formerly belonged to Rajcsanyi. The suspicion also arose that the reason Lajos Csepi did not choose the simplest recourse (that of simply dismissing Rajcsanyi) because he did not wish to create another "Andras Hegedus affair." (That man was dismissed from his position as director at the beginning of this year.)

Naturally, Lajos Csepi denies these accusations. His reaction is that "the director of an organization has the right to replace or dismiss employees whose work is unsatisfactory. Of the 140 staff members, I dismissed about seven in one year; I do not think that it is such a large number. And, believe me, I have every justification for dismissing these three associates. As for Peter Rajcsanyi, I did not shunt him to the aside; I simply told him to concentrate on the EPP [expansion unknown] until the end of this year. If he accomplishes that task, he will get his former assignment back."

In any event, the dismissals created some depression at the agency, whose fate has been uncertain for some time now; in fact, ever since Mihaly Kupa proposed (many months ago) that we should separate proprietors from property managers. In other words, the management of

properties should be taken away from the agency. Lajos Csepi never agreed with this, asserting that everywhere in this world proprietors have a right to know what will be the fate of their properties, who will buy them and for how much. As for the question "Who is the real proprietor?" we are faced by a peculiar duality. After all, the state is merely an abstract proprietor; in fact, it is the enterprise councils and the enterprise managers who behave like proprietors. And since the latter are not interested in selling their enterprises in the most economical manner, the state (the real proprietor) must become involved with the process of privatization. As Lajos Csepi has always claimed, this is why we need the State Agency for Property Management, which represents the state and does not permit enterprise directors to manage the state's money entirely in accordance with their own notions. At the same time, as also claimed by the managing director, an organizational restructuring would upset domestic and foreign investors and the privatization process would come to a halt, until everything would be permanently settled. Meaning that transferring enterprises to private hands would be quite a lengthy process.

In May there was a plan prepared, under the supervision of State Secretary for Finance Tamas Szabo, which was accepted by Lajos Csepi, and ratified even by the economic committee. And then it was "forgotten." Subsequently, they prepared several other variants, one of which were placed before the cabinet this Thursday. The road to privatization was prepared with the cooperation of four cabinet members. (Mihaly Kupa, minister of finance; Ferenc Madl, minister without portfolio; Akos Bod Peter, minister of industries; Istvan Balsai, minister of justice.)

It appears, therefore, that Mihaly Kupa gave up on his notion, and the State Agency for Property Management remains in its present state. As for properties that will be permanently in state ownership (such as the Hungarian State Railroads [MAV] or the Postal Service), they will be supervised by an entirely new organization, the State Proprietary Institute (Allami Tulajdonosi Intezet [ATI]).

So Lajos Csepi can sigh with relief. After all, at Thursday's cabinet meeting the ministers accepted the version according to which the two institutions would operate independently of each other. A committee is being formed, to be headed by Istvan Balsai, the task of which is to define (by an unspecified deadline) the ATI's sphere of influence. Lajos Csepi's task is identical: By the end of September, he has to submit to the cabinet the AVU's new organizational setup.

Thus, it is now certain that the AVU is not going to shrink to become a minor bureau, as Mihaly Kupa would have preferred. For the same reason, however, Lajos Csepi's position is still uncertain: There are several people who aspire for his job. He won this battle against the minister of finances; however, there is still the end of the year, at which time he will have to report on the earnings from privatization....

Nuns, Law Students Vie for Historical Building

92CH0037D Budapest MAGYAR HIRLAP
in Hungarian 23 Sep 91 p 6

[Article by Z.O.: "What Will Happen to You, Bibó College?"]

[Text] The director of the István Bibó Training College, Tamas Csapody, held a press conference at the school's Menesi Street campus to introduce the institute's new college history publication, entitled "Hazugság nélkül" [Without Lies].

The law students, who had first moved here in 1983, were impressive representatives of the period's training college movement. A thousand strings connected them to every social movement of the 1980's, and everything that was said within these walls had reverberations far beyond them. Theirs was characteristic of the thinking of an entire segment of our youth. The book offers a selection of the college's early newsletters and other publications, attesting to the school's prominent role in shaping the community, and to its ability to provide nonspecialized training outside a university environment.

This was where the periodical SZAZADVEGE [End of the Century] was published, and where Fidesz was born, both reflections of the school's important contributions. Its former graduates include Viktor Orbán, Tamas Deutsch, Gabor Fodor, Laszlo Kover, and Janos Ader.

The college could still be operating in the spirit of its old traditions were it not being reclaimed by an order of nuns named after the Divine Savior as their provincial convent. In early August, the nuns' legal counsel sent a letter to the dean of ELTE [Lorand Eotvos University of Arts and Sciences], explaining that under the law governing state-owned real property, the present user of the facility can directly relinquish its user rights.

The dean consulted with the students, who made it clear that they had no intention of giving up their user rights, and suggested that the nuns be offered another building, or advised to request financial assistance.

According to reports, the nuns would not insist on getting the building back, but they are bound by higher-level church regulations.

Critique of Polish-Lithuanian Relations

92EP0031B Warsaw ZYCIE WARSZAWY in Polish
25 Sep 91 p 3

[Article by Marian Pilka, member of Christian-National Union: "A Chance That Was Lost?"]

[Text] Without question, the goal of our Eastern policy should be to establish such relations that all of the countries of this region could live in friendship and respect for mutual rights. One of the foundations for this must be the principle of respect for the rights of national minorities, both in Poland and in the countries that border on it. To ignore or fail to take notice of this issue has to be detrimental to a policy that wishes to place mutual relations above the problems of minority rights. Such a policy not only does not guarantee minority rights, it leads to antagonisms. That is now the case in regard to Polish-Lithuanian relations and the Polish minority in Lithuania.

I maintain that what is now happening in the Vilnius district is no surprise, but is the consequence of our Eastern policy. It is the result of the ill will or ignorance of the chief elements that create Eastern policy (the president, the Ministry of Foreign Affairs, the Sejm Foreign Affairs Commission, speaker Stelmachowski, most of the press, the Interministerial Commission on Polonia Affairs and Emigration), including policy relating to Poles living in the East. What happened is that Polish policy consistently minimized the problem of the threat to the rights of Poles living in the Vilnius territory. Even before the presidential elections, Lech Walesa said that Polish speech in the church and in the home is sufficient for the Poles living in Vilnius. Last year, the Ministry of Foreign Affairs [MSZ], in an aide-memoire sent to the Lithuanian government, spoke out against territorial autonomy. At the end of May, speaker Stelmachowski, in a letter to Landsbergis, came out against the implementation of the autonomous rights that the Lithuanians had promised, and the president of Poland did not receive a single Polish delegation from the Vilnius territory. Despite many attempts, the Interministerial Commission, to the middle of August, did not find the time to take up this escalating problem. Most of the press treated the desires of the Poles in the Vilnius territory as communistic activities and refused to acknowledge them. The deputies and senators on the foreign affairs commissions of the Sejm and the Senate supported Lithuanian nationalism, ignoring the rights of our countrymen. The turn in the behavior of the press and the decision-making sources began in the middle of August, when it was already too late to settle the problems of the Polish minority.

There was no lack of proof of ill will on the Lithuanian side from the moment the Sajudis movement arose. Laws on language, citizenship, and the dissolution of self-governments laid a legal foundation for the present rule. The destruction of Polish monuments, the expulsion of Polish students from the school in Waca Trocka, the prevention of the establishment of a Polish college or

university, the "Lithuanianization" of names, the obstacles placed in the development of the Polish educational system, etc.—the list of incidents is endless. There was no moral condemnation of these facts by Polish decision-making and opinion-shaping circles, despite their obvious barbarism. These actions are aimed at depriving the Polish population of its citizenship rights and at making it impossible for Poles to participate in reprivatization (the citizenship law and the draft law on the Vilnius metropolis) and depriving them of their right to self-government. Dissolution of self-government, refusal to conduct new elections before putting the law on citizenship into effect—which makes citizenship conditional on knowledge of the Lithuanian language and a declaration of loyalty—leads to a deprivation of the right to the what is left of self-government. Firing Poles from jobs, mass colonization of regions where Poles reside, etc., are actions aimed at completely eliminating Polishness in the Vilnius territory. And this is not a temporary aberration of Sajudis and his leaders, the majority of whom are from the *nomenklatura*. According to the doctrine of this movement, there are no Poles in Lithuania, only "Polonized" Lithuanians, who should be "helped" to return to their native nationality.

This doctrine is deeply rooted in Lithuanian nationalism. In the period between the wars, over 200,000 Poles lived in Kaunas [Kowno]. In 1927, the Lithuanian government liquidated the entire Polish school system. As a result of this policy, only a very few Polish communities remained in ethnic Lithuania, without Polish masses, schools, or organizations. During the Second World War, the Lithuanian police murdered Poles and Jews, and today the war criminals are rehabilitated. After the war there were 345 Polish schools in the Vilnius territory; 88 survived to the year 1988. Polish candidates for the priesthood could not attend a Kaunas seminary. Lithuanian actions are characterized by consistency and stubbornness.

The Polish MSZ consistently tried not to notice this anti-Polish character, which was reinforced by pro-German orientation. Prof. Skubiszewski, with the lack of understanding and appreciation of Eastern problems so typical of persons living in Poznan, entrusted this matter in the ministry to Grzegorz Kostrzewa-Zorbasa, a person who in the fall of 1989 said that he is ready to sacrifice the Vilnius Poles at the altar of Polish-Lithuanian friendship—and consistently did so. The MSZ expressed itself officially against territorial autonomy, despite the fact that in the face of Lithuanian nationalism this is the only guarantee that national rights for Vilnius Poles will be preserved. The ministry was passive on this matter even after 29 January, when the Lithuanian parliament, afraid that Soviet pressure on Lithuania would increase, agreed that by 31 May it would prepare laws guaranteeing the Polish minority the right to live in one self-government district, with a special statute and the right to a Polish university. The MSZ did not protest the failure to implement these resolutions, nor did it attempt to play any kind of mediating role between the Polish ethnic group and the Lithuanian government. What is more, before this deadline expired, speaker Stelmachowski came out publicly

against territorial autonomy. It is not surprising, therefore, that after Grzegorz Kostrzewa-Zorbas's visit in Vilnius, the Polish self-governments were dissolved. The Lithuanians apparently regarded Skubiszewski's letter on citizenship as simply rhetoric, meant for internal Polish use. Poland's passive attitude encouraged Lithuanian chauvinists to take even more far-reaching actions against the Poles.

Poland's chief trump card in the matter of recognizing the rights of Vilnius Poles was the issue of promoting Lithuanian independence. As long as Lithuania was not independent, this trump card, as shown by the Lithuanian decisions of 29 January, could have been played to the advantage of the Vilnius Poles and Polish-Lithuanian relations. Restoration of independence to Lithuania deprived our government of this trump card.

The Vilnius Poles were actually left with three orientations: pro-Lithuanian, pro-Warsaw, and pro-Moscow. The pro-Lithuanian orientation indicated consent to the de-Polonization of the Vilnius territory and was represented by renegades in the person of Medard Czobota, or by people of no importance in the Polish community (Czesław Okinczyc). The pro-Warsaw orientation was precluded by Warsaw itself, because it suggested to the Poles there, when they were not able to reach Poles of high rank, that they accept Sajudis's platform. All that remained was the pro-Moscow orientation, and indeed, some of the Polish public opinion in the Vilnius territory was pro-Moscow. But, with exceptions, this was an orientation that came from despair and lack of support from the mother country; in the Soviet Union it saw its last chance to save its identity and subjectivity. And indeed, as long as the Soviet Union did not recognize the independence of Lithuania, the rulers of that country were afraid to destroy Polishness in a decisive way.

Today the actions of the authorities and the opinion-shaping circles are sounding an alarm that human rights are being violated in the Vilnius territory. This is the lament after the chance to guarantee the rights of the Polish majority in the Vilnius territory and establish correct relations was lost. And it is not true that no alternative concepts regarding the Poles in Lithuania had been formulated earlier. The author of this article, in a memorial presented at the end of January to the Interministerial Commission on Polonia Affairs and Emigration, wrote: "Now (29 January), when the Lithuanians have agreed to a special status for the Polish administrative unit, we should strive for the enforcement of all of the national minority rights guaranteed in international conventions. Failure to solve the rights of the minority on the basis of recognizing its subjectivity, may become the seed for a long-lasting conflict, whose consequences may be of an international character (...). Therefore, in the name of long-range good relations with Lithuania, we should strive to recognize the rights of the Polish minority. Such a solution will guarantee that the rights of the Polish minority will be protected permanently, and by so doing, the main source of the Polish-Lithuanian conflict will be eliminated." The memorial and the theses that it embodies

were rejected as the basis of the policy towards Lithuania and the Poles living there by the Interministerial Commission early in February of this year. Today we have only one argument that we can bargain with: recognition of Lithuanian's boundaries in accordance with the decisions of the Ribbentrop-Molotov Treaty. But that is an argument without substance.

Principles of Universal Privatization Discussed

92EP0031A Warsaw ZYCIE WARSZAWY in Polish
25 Sep 91 p 4

[Interview with Minister of Ownership Transformation Janusz Lewandowski by Krystyna Milewska; place and date not given: "Safe Endowment With Property Rights"]

[Text] [Milewska] After my first reading of the universal privatization program, I understood that I will receive a serial number and later a share, but I do not know in what amount, and I will not get the share until 1993.

[Lewandowski] That is the result of a choice between responsibility and external glitter. It is how endowment with property rights can be safely accomplished in Poland. I chose responsibility, knowing that this is a program which exceeds expectations, and which may be very pale against the background of the ideas which are elections slogans and nothing else.

[Milewska] There will be no capital certificates?

[Lewandowski] There will be no universal issuance of certificates. They may appear on a small scale.

[Milewska] There will not be 100 million zlotys [Z] for each person?

[Lewandowski] There will be no Z100 million. Although it is conceivable that an improved economy, in this first distribution, may provide people a real value within the framework of universal privatization, and that when all of the privileges hidden in this privatization are added up, a pretty good sum of money can be accumulated.

[Milewska] Let us begin from the beginning. First it is expected that state enterprises will be transformed into companies. Why do all enterprises have to be companies?

[Lewandowski] Because that is the form typical for a market economy. Many types of companies appear in a market economy, as forms for conducting economic activity. This is the unavoidable fate of Polish enterprises. They must become commercial-law companies.

[Milewska] Are you saying by that that something like our state enterprises does not appear in this better, market world?

[Lewandowski] Insofar as a form of state economic activity is concerned, we have our own Polish specialty: the "3 x S" [self-management, self-reliance, self-financing] enterprise, formed in 1981 under particular circumstances, during political bargaining about the

degree of industry's dependence on *nomenklatura*. During the following years of the 1980's, this was a stronghold defended by the workers' self-management. We are inheriting a model of an enterprise formed during a political battle, and not one based on economic efficiency.

[Milewska] If you change these 200, or maybe 400, enterprises earmarked for privatization, into companies, because we really do not know how many there will ultimately be, then you will place a large part of their capital into something which will be called "National Assets Boards." Will this be a kind of association managing these companies?

[Lewandowski] That is precisely the connection that people typically make! And it is the essence of our troubles—the collective memory saturated with associations and other stockpiles from the past, distrustful of market forms which few people understand. Before the issuance of "enterprise-company" shares to these investment funds that we call National Assets Boards [NAB], work has to be done—work consisting of translating the language of balance sheets to the language of Western standards. We must translate the history and present status of these enterprises into a language understandable to the world. This can be described thus: We will require the enterprises to show a bill of economic health and a certificate according to market criteria.

[Milewska] Let us now try to amplify the concept "investments groups," i.e., the National Assets Boards. In our past economic practice, such institutions did not exist. Are these perhaps supposed to be trusteeship institutions, about which the law on public sale of securities and trust funds speaks?

[Lewandowski] Somewhat, but not entirely. The National Assets Boards have two faces: The first is turned toward the shareholders, and the second toward industry. Generally in the West these two functions are separate. We want to combine them. Therefore, initially this institution will play the role that several financial intermediaries play in the West. If we look at these boards from the side of the shareholders, then this is an institution created to hold and invest the savings of small savers. These types of joint investment funds developed dynamically after the war in the market economies, gathering up the savings of the poorer people. This made it possible for people who could not afford to take the risk of buying the stock of a specific enterprise to enter the capital market. Such a financial institution spreads the risk because it invests in many enterprises at the same time.

[Milewska] The boards, as you mentioned, are to be similar to stock companies. Will they have any capital of their own?

[Lewandowski] Their capital will be the shares of the enterprise-companies transferred to them.

[Milewska] So, can I call these institutions something on the order of a "shareholders' banker"?

[Lewandowski] More or less. The funds arose as the affluence of the people in the West grew, when people wanted to have another, more active way of investing their money than depositing it in banks. In banks, the interest rate on the deposit is generally known in advance. The earnings on stock investments depend on economic conditions in general and on an improvement in the condition of the enterprise and the entire industry. In the institutions where stocks are held, the art of investment, actually how capital is invested, plays a very large role. This requires the talent and knowledge of a consummate investor. It is difficult to demand this of the average stockholder. He would have to constantly follow the stock quotations, observe the reactions of the market, and draw conclusions from all of the various events in the economy. The counterparts of our NAB and institutions staffed by market experts and experienced observers of the entire economy do this for him.

[Milewska] But what is the basic difference between our NAB, which you propose, and these types of institutions in the West?

[Lewandowski] There the people entrust their savings to these types of institutions—in our country there simply are no savings. Therefore, the State Treasury will entrust the stocks of the enterprise-companies to NAB, and the citizens will receive shares of NAB free.

[Milewska] We are talking in a building that formerly housed the headquarters of various associations and ministries. I return to this connection. After all, here is where investment decisions were made as to what was to be produced, by whom, and at what price.

[Lewandowski] No, that is definitely not the same thing! At one time, the associations were a classic way station in the system of central management. Very simply, a bureaucrat who could not cope with the entire branch, built still one more intermediate element, which concerned itself with a segment of the branch. We, on the other hand, want to make the contact between an enterprise and its owner a capital-type contact.

[Milewska] The object, therefore, is to defend the interests of capital. Until now, it was mostly the defense of the interests of labor that was talked out.

[Lewandowski] Oh, in Poland we are potentially very well prepared to defend the interests of labor. The institutional infrastructure for the defense of these interests arose in the 1980's and is impressive. In none of the countries that made an enormous leap to a market economy, e.g., Spain or North Korea, has there been such an expanded protection of the interests of labor. This is an achievement to which I, too, contributed in the ranks of Solidarity. But now the object is to create institutions which will protect the long-range interests of capital, ownership interests. This is a financial institution, not a bureaucratic one. Looking at it from the

standpoint not of the shareholder but of the enterprises, we expect our NAB to perform the role of an investment fund. In the West there are two types of investments: the first are those that hold the savings of the small savers and see to it that they are well invested, and the second are those which have an active influence on the ups and downs of the controlled enterprise. Our boards will combine these two functions. They will also intrude, through control portfolios, in the operations of the enterprises. We know from experience that such a fund, when it undertakes to improve the enterprises, works on this from three to five years. Therefore, we should not expect an immediate miracle. The changes which I propose—and I constantly stress this—are a process.

[Milewska] The boards will be staffed by persons who fly around the world in airplanes, with a telephone at their ear, and make decisions as to where to sell, where to buy, where to divide, etc.?

[Lewandowski] The world of television series, from which you probably got this impression, is a far cry from reality. First of all, these firms will operate in Poland. We will try to induce them to form consortiums, or co-shares with Polish firms. That would be the best connection.

[Milewska] You are now talking about the managements of the boards. Western specialists are to work there?

[Lewandowski] Polish, Western, we are closer and closer to a full list of candidates. Actually, reports of interest arrive each week, including here in Poland, even from some who are critical of the program. Split personality!

[Milewska] They may see a good business here.

[Lewandowski] Yes, because it will be a mutual business. Poland will become competitive with other European economies only when good business can be done here. That is one of the secrets of the economic success of Spain, Portugal, North Korea, and other countries.

[Milewska] Well then, in 1993 we will receive shares in the boards. They will have some kind of value. I suspect that they will be almost the value of a fourth of an automobile. Until then we will not be able to feel wealthy enough to put it into a sock and wait for dividends. Some people, and I suspect that there will be many, would rather convert this gift to money immediately. When half of those who get this gift rush to sell it, the market price will drop. There is a precedent for this: The factories paid bonuses from profits with bonds (to avoid the above-the-norm wage tax), offering bonds or nothing, and the market value of the bond was lower than its face value plus interest.

[Lewandowski] Please, madame, this is not the first time in the world that stock has been issued on a mass scale. One of our advisers, who happens to be working on the circulation of these stocks, is the French bank, Paribas. The privatization of this bank created 3.8 million stockholders. That is the scale of our investment groups.

[Milewska] I again return to this matter. Let us say that I get a share that is equal to an average salary, for example. But when I try to sell it, it turns out that I can get half of its value. I will have a grudge against you....

[Lewandowski] That would be so if I now, not knowing what the market value of the enterprises is, printed assets certificates. That would be the classic election campaign of the liberals. Furthermore, in accordance with the Sejm resolution which speaks of certificates, the Sejm might like this. To this I might add a personal word of praise: after all, that was the original idea of the Szomburg-Lewandowski company, an idea that the Czechs would like to test. Really, an elections campaign could be built on all of this. But we are working and we want to be responsible for the long term, and not just until 27 October [the date of the elections to the Sejm]. That is why the investment funds and the accelerated commercialization appear as the first step. Because the matter of the enterprises is most urgent. That is why buying and selling of individually owned stock has been postponed until the spring of 1993. They will then have a realistic value and the technical conditions for buying and selling them on a large scale will be in place. And what is happening? The matter of certificates returns in Poland. It returns in the form of publicity, to which I had a right in 1988 and 1989, but which sounds very amateurish in the fall of 1991. I repeat: Certificates are possible and advisable on a small scale, as a lever for people who are enterprising or for people who have been laid off from their jobs. But if we are looking at opportunities for everyone, for 27 million, then universal privatization creates these opportunities.

POLITYKA Weekly News Roundup: 23-28 Sep

92EP0034A Warsaw *POLITYKA* in Polish No 39,
28 Sep 91 p 2

[Excerpts]

National News

[passage omitted]

The Sejm, on the motion of the Democratic Left Club, rejected government bills establishing the office of minister of public administration and a chancellery in the Council of Ministers. One hundred fifty two deputies opposed the bills, 75 were in favor, and 25 abstained.

Budget Deficit Rises. As reported by CUP [Central Planning Administration], at the end of August it was 20.1 billion zlotys [Z]; while last January a positive figure was recorded—Z1 billion—in March it was already minus Z6 billion and in June minus Z14.2 billion. The negative balance from January through August amounted to 15.3 percent of budget revenues (the law contemplated a deficit of about 3 percent).

Good and bad candidates for deputy according to OBOP [Center for Research on Public Opinion] surveys. Positive traits of a candidate: Knowledge of foreign languages (85 percent), good style (83), higher education (82), running in the voivodship in which he lives (76), 30-45 years old (66), having only Poles among his ancestors (65), having his own family (54 percent). Negative traits: Did not work in the SB [Security Service] but gave information to that institution (81 percent), older than 60 (72), basic education (72), was an SB officer (67), was an active PZPR [Polish United Workers Party] member (55 percent). "Believing and regularly practicing Catholic" earned 42 percent of positive opinions and only 6 percent negative. Atheist was the opposite: 24 percent negative and only 7 percent positive.

Registration in 33 district was withdrawn from Party X as a result of evidence of falsification of lists of signatures of advocates of that party. In the Sejm, the chairman of the State Electoral Commission [PKW], Prof. A. Zoll, rejected charges that the PKW and District Commission No. 1 in Warsaw broke the law. [passage omitted]

DZIENNIK BALTYCKI reported the results of a survey by Sopot's Public Opinion Laboratory on anticipated voter behavior by Gdansk residents. Only 40 percent of those surveyed intend to vote, and among the youngest barely 20 percent. The greatest support was voiced for Solidarity (16 percent), the Democratic Union (13 percent), and the Liberal-Democratic Congress (6 percent).

A Sejm committee has changed a government pension bill so fundamentally that the government has announced it will be withdrawn from the Sejm. The point is mainly the costs of implementing the law. The government bill anticipates (in parentheses the level of benefits according to the deputies' bill): With compensation of Z1,119,000, after 30 years of work—Z872,000 (Z960,500), after 40 years of work—Z1,026,000 (Z1,139,000). With monthly compensation of Z6,800,000, after 30 years of work—Z2,006,500 (Z2,337,000), after 40 years of work—Z2,618,000 (Z2,976,000). [passage omitted]

From the media market: Katowice's TAK I NEIE has appeared again, with a new colorful graphic look. New management: Editor in chief is Ryszard Fedorowski; assistant—Hanka Jarosz-Jalowicka. Regular columnists: Aleksander Krawczyk and Ryszard Niemiec. Price, Z6,000. [passage omitted]

The shadow cabinet of the Center Accord [PC] was introduced by Jaroslaw Kaczynski at a public meeting in Gorzow Wielkopolski. Attorney Jan Oszewski is to be premier. The candidate for minister of finance would be Prof. Jan Wiernicki, vice president of the European Bank for Reconstruction and Development in London. Adam Glapinski, current minister of construction, would "play a key role in the PC's government." He

added that the same can be said of CUP head Jerzy Eysymont. [passage omitted]

The District Court in Katowice has announced the bankruptcy of the "Slask" publishing house. The bankrupt publisher had issued 3,500 titles over 37 years. [passage omitted]

Opinions

Adam Michnik, editor in chief of GAZETA WYBORCZA: Communism reared us. Yet communism was a system that taught that it is good and right to put one's hand into the pocket of one's neighbor. And if someone is rich, he must also be morally suspect. If, for example, one entered someone else's pharmacy and grabbed someone else's property, this called "compensation for social wrongs." And this has persisted. In my opinion, all this rhetoric about "settling with the *nomenklatura*" is a reflection of the Bolshevik consciousness. I think about this with some anxiety, because imagine that the Center Accord achieves 100 percent of its noble and magnificent goal of decommunization. Suppose they not only throw all communists out of work, not only confiscate everything from them, but also send them to Siberia. Does this mean there will be no communism in Poland? No—it means that we will have communism without communists. Because structures, institutions, mechanisms, not persons, are important. (In an interview with Wieslaw Kot, WPROST, 22 August.)

Wladyslaw Frasnyniuk, Democratic Union member: I observed the meeting between President Walesa and Tyminski with anxiety. Anxiety, because the political parties associated with the Belweder camp constantly emphasize the threat that awaits us from Social Democracy of the Republic of Poland. Personally, I feel that a danger, a threat also awaits us from that "abominable Red," but his name is Stanislaw Tyminski. If one acknowledges that there really are "reds" in Poland, I would count Cimoszewicz a communist, but a European communist, and I would not be afraid of any startling changes in his way of thinking or acting, but I am afraid that that other communist, who calls himself Stan Tyminski, is a dangerous communist whom I would described as a Soviet communist, and from the most nightmarish times besides. (From a statement at a meeting with voters in Poznan, GLOS WIELKOPOLSKI, 9 August.) [passage omitted]

Prof. Zbigniew Brzezinski: One should not assume that along with the collapse of communism in the USSR the imperialist and expansionist thinking of Russia has also withered. On the contrary—it will most likely become a new adhesive for the state, which will be unable and unwilling to use the old adhesive—communism. In that situation, there is only one thing for Poland—constant flight forward. In every developmental form of the new form of statehood, Poland must surpass Russia by one, or better, two eras. In the past decade, this had been done very effectively. It is necessary to do everything so that it could be the same in the future. (In an interview with Roman Warszawski, DZIENNIK BALTYCKI, 13 August.)

JNA Position in Croatia Assessed

92BA0065C Belgrade POLITIKA in Serbo-Croatian
10 Oct 91 p 13

[Article by Miroslav Lazanski: "The JNA's Good Position"—first paragraph is POLITIKA introduction]

[Text] The ceasefire signed in Zagreb is one more proof that the JNA [Yugoslav People's Army] does not want bloodshed, and on the other hand, offers one more chance for an honest peace.

The latest agreement—who knows how many there have been—on a ceasefire in Croatia is perhaps an indication of more peaceful days in the Yugoslav drama, but certain preconditions have to be created for anything like that.

Admittedly, what was signed in Zagreb is still not a final and definitive solution to the JNA's problems on the territory of Croatia. In fact, the agreement only cites explicitly a momentary unblocking of the JNA barracks in Borongaj, as well as measures that the Army will undertake for the purpose of the free movement of people, provisions, and various goods in the threatened areas of Vukovar and Vinkovci, as well as removal of the blockade on land and at sea along the Adriatic coast. At this time, it is very difficult to determine precisely the scope and content of this agreement, and especially its effects.

As a preface to the possible final solution of all the problems, and as a sign of a possible peace, the agreement in Zagreb must certainly be welcomed; but its provisions have yet to experience and withstand verification in the field, in practice, by all the belligerents, those involved, and the parties that are being separated. This is also the basic criterion for any further talks whatsoever.

Specific Features of Urban Combat

What compelled the deputy commander of the Fifth Military Region, General Andrije Raseta, and representatives of the Croatian Defense Ministry to sign the agreement on a ceasefire in Croatia? As far as the JNA and the federal state are concerned, international pressure and the decisions of the [EC] Twelve have influenced having the liberation of the barracks and garrisons halted once more. At this time, it has not been hard for the JNA units to do this, since objectively, from a military standpoint, they have already occupied good positions, from which they can wait for a few days, either for the final removal of the blockade, or an order for offensive actions. Even without the use of its main forces, especially armored and mechanized units, the JNA has already reached lines close to Croatia's vital industrial centers, and has practically cut the Republic into three parts. The question of Vukovar is now more of a morale test for the Croatian armed forces than an operational problem for the JNA. The public, nevertheless, is probably wondering why the battles in Vukovar are so severe and why they are going on so long.

Battles in cities have always been unique, and in this case the advantage of a larger number of tanks or aircraft does

not help very much. Technology and the tactics of urban guerrillas compensate for a shortage of armored equipment or the lack of aircraft. One can use artillery to rake over a city twice, and one can use attack aircraft to bombard it, but even this does not have to mean the end for the forces that are defending it. The rubble of houses creates even better shelter than intact buildings, and it is precisely the rubble that makes it difficult for tanks and other armored combat vehicles to operate. The tactics of urban battle have been best learned and tested in practice by the Israelis, precisely from the example of Beirut.

A battle in a city requires smaller special strike groups of highly trained professionals, equipped with special weapons and equipment. These include, above all, a tank-minesweeper and a tank-bulldozer, and special engineering units, as well as infantry with flamethrowers. At one time the JNA had flamethrowers, but in recent years they have been rarely seen in exercises. In cities, radio communications in between buildings are also more difficult, and this also has to be taken into account. In view of the elevation of the barrels, the ZSU-57-2 and BOV-3 self-propelled anti-aircraft cannon can be used more effectively in urban combat than tanks, because they can successfully aim at multistory buildings, which tanks cannot do. The excessive accumulation of armored equipment in larger concentrations has never proved to be a wise move. A regular supply of ammunition is important for infantry fighting in a city, because ammunition is usually consumed unsparingly in this type of combat. Mortars with a caliber of 82 or 120 millimeters have proven to be a particularly good weapon here.

Militarily unfavorable developments and the serious defeats of units of Croatia's Ministry of Internal Affairs and the National Guard Corps have forced the political leadership of that republic to request negotiations and agree to a cease-fire. In addition to Vukovar and Osijek, JNA units are also around Vinkovci, and Zadar, Sibenik, Split, and Dubrovnik are virtually blockaded both by sea and by land. JNA units have advanced up to Karlovac and Sisak, and have cut through the Zagreb-Belgrade highway near Okucan, and thus the front line has been connected and carved into the depth of Croatia's territory. The Knin corps has a solid operational base, and from the rear, is keeping control over Zadar, Sibenik, and Split, and units of that JNA corps have destroyed paramilitary formations of the Ministry of Internal Affairs and the National Guard Corps. If this latest cease-fire fails as well, the Knin corps will probably join in the operation of removing the blockades of JNA barracks, first in Zadar, and then in Sibenik and Split.

In the southern portion of the Adriatic maritime and ground battlefield, JNA units have the initiative, but also an excellent tactical position: Near the town of Stalno, they have cut through the Adriatic Highway, and thus have cut off the possible arrival of Ministry of Internal Affairs and National Guard Corps reinforcements from the direction of Split and Capljina or Siroki Brijeg, whereas south of Dubrovnik JNA forces are already at the approaches to Cavtat.

The "Vultures" Are Also Flying

Because of strong resistance, JNA troops have been forced to bring armored and mechanized units into battle along that route, and thus T-34 tanks have also appeared (admittedly, they are fairly old, but in that area and against that opponent they can still be useful), as well as M-60 armored transporters. The air force of Montenegro's Territorial Defense has even used the "Vulture" light partisan aircraft, which were redeployed from Slovenia six months ago. The situation on the military front near Dubrovnik is crystal clear, and it was true suicide when the Ministry of Internal Affairs and National Guard Corps forces provoked the JNA in that area. If what was behind these actions by Croatia's paramilitary formations was a political decision, however, and the intention of having Dubrovnik, as a world cultural center, drawn into the war, then the internal affairs troops were deliberately sacrificed.

From a military standpoint, for Croatia's armed formations the JNA's penetration all the way to Karlovac is, of course, a very serious warning to the republic's entire defense system. Regardless of the attack that the paramilitary formations of the Ministry of Internal Affairs and the National Guard Corps carried out against the military airport in Bihac, this area, from a military standpoint, is Croatia's soft underbelly.

The following days, of course, will show whether a military victory will be the key to resolving the Yugoslav drama. The cease-fire signed in Zagreb is one more proof that the JNA does not want bloodshed, and on the other hand, offers one more chance for an honest peace. This time, it is in a situation that is militarily much more favorable to Yugoslavia.

Croatian Assembly Secession Decision, Conclusions

92BA0065A Belgrade BORBA in Serbo-Croatian
10 Oct 91 p 8

[Article by E.B.I.: "Croatia Has Separated From Yugoslavia"—first paragraph is BORBA introduction]

[Text] A decision has been adopted on separation from the former SFRY, along with conclusions on the political situation in Croatian, according to which the JNA [Yugoslav People's Army] has been declared an occupation and aggressor army; Tudjman did not attend the meeting.

Zagreb—In contrast to previous constitutional meetings, this session, which in many respects was also a historic one, passed without euphoric moods in the Assembly building. The quietly sung Croatian anthem was the only sign of celebration at the end of the session, because Croatia's fate is still captive to the logic of war, and the republic government has virtually no authority in a large part of its territory. The meeting was concluded without knowing when it would be possible to gather deputies for the next Assembly session. As a reserve alternative for the functioning of the authorities, a proposal was accepted for

increased authority for the government, which during the coming year can adopt decrees with the force of law and thus substitute for the powers of the Assembly.

In the Basement

The Assembly meeting was held in a basement hall in the presence of a large number of Yugoslav and foreign journalists, and was attended by enough deputies for a quorum, even though some deputies from the war regions of Croatia were barely able to reach Zagreb. The president of the Republic, Dr. Franjo Tudjman, was not among the deputies of the Croatian Parliament yesterday, although many people had expected that he would speak from the podium. Domljan informed the participants in the meeting that he had personally called Dr. Tudjman to ask whether he would come to the session, in response to which Tudjman answered that "in view of the circumstances" he was unable to attend. Judging by comments in the corridors, many people criticized him for this, and we have heard that the head of one of the largest Croatian parties told his colleagues that it was "real arrogance" for the president of the Republic to refuse to attend a historic meeting of the Croatian Assembly.

Yesterday's Assembly session, which is really considered historic by the Croatian public, was supposed to deal with state legal decisions to implement Croatia's independence from the rest of Yugoslavia. Those decisions, according to the agenda, were preceded by a discussion of the political situation and the situation on the battlefields in Croatia, which was discussed in the opening statements by Prime Minister Franjo Greguric, Defense Minister Gojko Susak, Foreign Minister Zvonimir Sesarovic, and Ivan Vekic, minister of internal affairs. According to the initial plans, the session was supposed to last two days, but because of the very difficult war situation and the personal insecurity of the members of the Assembly, Dr. Domljan asked that the discussion be brief and to the point, so that the session could be concluded in just one day. Domljan announced that an air raid alert or an announcement of general danger could be expected during the session, and he appealed to have such a possibility endured without panic.

After the protocolary opening of the meeting, and a request by Dr. Sima Djodan that Croatia form a war cabinet headed by Dr. Tudjman (which was rejected), the Assembly was addressed by Croatian Prime Minister Franjo Greguric. Speaking about the chronology of the attempts to "discipline" Croatia, and the "escalation of the Greater-Serbian and Army aggression against Croatia," Greguric emphasized that "the enemy bloc had already committed the kind of crimes on Croatian territory that were not even committed by Hitler or Mussolini."

"Although Croatia was prepared for a peaceful policy and has therefore accepted all the European initiatives for a peaceful solution to the crisis, as well as the three-month moratorium, Serbia and its allies have systematically blocked any political solution, imposing an open expansionist war upon Croatia. After the Hague

conference began, the JNA, in spite of all the obligations undertaken, violated the cease-fire the very next day by massacring civilians in the village of Berak, and by the destructive tank campaign in Petrinja," Greguric stated.

In view of the necessity of self-defense against aggression, Greguric stated, during September Croatia's defense forces would have liberated a considerable number of settlements, occupied several commands, garrisons, and barracks, captured a large number of officers and soldiers, obtained all types of weapons and ammunition, communications equipment, and motor and armored vehicles, and occupied 16 crossings and border stations, and the government's call to leave the ranks of the JNA would have been answered by a considerable number of officers, soldiers, and civilians serving in the Army. Speaking about the agreement in Igalo, which did not yield any results for Croatia, Greguric stated that the gain from Igalo was in the fact that the Yugoslav problem had been narrowed to the two sides in the conflict: Croatia, which had been attacked, and Serbia and the JNA as the aggressors. After every cease-fire, and thus even after the one in Igalo, the number of casualties in Croatia has increased, Greguric continued. Just since the Igalo agreement, the JNA has violated the cease-fire 277 times, with 63 civilians dead and 334 wounded.

Call for Independence

The Army is restoring a system in which it would control the crisis areas within Croatia, where Serbs would have preferential status, and JNA officers could act outside the jurisdiction of civil authorities. For such purposes, in addition to hundreds of well-known cases of destruction, a missile attack was made recently against the TV tower at Sljemen, and yesterday the residence of the president of the Republic was also hit. The purpose, according to Greguric, was not only the destruction of Banski Dvori, but also the murder of the president of the Republic, who was also there.

These are the reasons why, according to the prime minister, answering the question of whether Croatia needs an extension of the moratorium becomes very simple. In fact, there are no political, military, economic, institutional, or any other reasons why Croatia should consent to an extension of the moratorium.

He consequently called upon the deputies to determine jointly that the moratorium had passed, and to adopt a decision according to which Croatia would become a sovereign and independent state; at the end of the session, the deputies did so.

[Box, p 8]

On 8 October the Assembly of the Republic of Croatia, at a joint session of all the chambers, adopted the following:

Conclusions

I. An armed aggression by the Republic of Serbia and the so-called JNA has been carried out against the Republic of Croatia. The Republic of Croatia has been forced to defend itself against the aggression by all available means.

II. The so-called JNA is declared to be an occupation and aggressor army, and must abandon without delay the territory of the Republic of Croatia which it has temporarily occupied.

III. The Assembly of the Republic of Croatia demands that the former JNA, without delay, allow Croatian citizens who are performing military service to leave the Army and go home freely.

IV. The Republic of Bosnia-Herzegovina and the Republic of Montenegro are called upon not to allow their state territory to be used to wage war against the Republic of Croatia.

V. All states, and especially the members of the European Community and the United Nations, are called upon to establish diplomatic relations with the Republic of Croatia.

VI. In accordance with the rules of international law, the Republic of Croatia commits itself with respect to other states and international organizations to respect fully the rights and obligations of the former SFRY, in the portion that applies to the Republic of Croatia.

VII. The Republic of Croatia will continue to cooperate in the work of the Conference on Yugoslavia in the Hague, which has been organized by the member states of the European Community.

These conclusions go into effect at the moment of their adoption.

Decision on Separation From the Former SFRY

In accordance with the Croatian Republic's inalienable right to self-determination:

—Proceeding from the will of the citizens of the Republic of Croatia expressed in the 19 May 1991 referendum;

—Proceeding from the constitutional decision on the sovereignty and independence of the Republic of Croatia, and the Declaration on the Establishment of an Independent and Sovereign Republic of Croatia that was adopted by the Assembly of the Republic of Croatia at its meeting on 25 June 1991;

—Determining that the three-month period for postponement of the implementation of the constitutional decision specified by the Brioni Declaration expired on 7 October 1991;

—Determining that during the period set by the Brioni Declaration, the aggressive actions by the so-called JNA

and Serbian terrorists against cities and villages have increased, that there has been merciless destruction of hospitals, schools, churches, cultural monuments, and other civilian installations, which has even culminated in the attacking and bombardment of the historical center of Zagreb and Banski Dvori, in which damage was also done to the buildings of the residence of the president of the Republic, the government, and the Croatian Assembly during its session, with an attempted attack against the president of the Republic;

—Determining that Yugoslavia no longer exists as a state community;

the Assembly of the Republic of Croatia, at its joint session held on 8 October 1991, is adopting the following:

Decision

I. The Republic of Croatia, as of 8 October 1991, is severing the state and legal ties on the basis of which, together with the other republics and provinces, it has formed the former SFRY.

II. Not a single body of the former federation, the SFRY, is considered legitimate and legal in the Republic of Croatia.

III. The Republic of Croatia does not recognize as valid any legal act by any body acting in the name of the former federation the SFRY.

IV. The Republic of Croatia recognizes the independence and sovereignty of the other republics of the former SFRY, on the basis of the principle of reciprocity, and is prepared to maintain and develop friendly political, economic, cultural, and other relations with those republics with which it is not in an armed conflict.

V. The Republic of Croatia, as a sovereign and independent state, guaranteeing and ensuring the basic human rights and the rights of national minorities guaranteed explicitly by the general UN declaration, the Final Act of the Helsinki Conference, the instruments of the Conference on Security and Cooperation in Europe, and the Paris Charter, within the framework of European integration trends is prepared to enter into intergovernmental and interregional associations with other democratic states.

VI. The Republic of Croatia will continue the process of determining mutual rights and obligations with respect to the other republics of the former SFRY, and with respect to the former Federation.

Bosnia-Herzegovina at War With Croatia

92BA0067B Zagreb VJESNIK in Serbo-Croatian
5 Oct 91 p 8

[Article by Mladen Milosevic, Sarajevo: "The Silent Army Occupation: 'Bosnia-Herzegovina at War With Croatia'"]

[Text] Although it has not been officially announced, Bosnia-Herzegovina [B-H] has for several days now been at war de facto with Croatia. There is nothing to the response that someone will make to the effect that this is a private war by Lieutenant Colonel General Nikola Uzelac, commander of the Banja Luka Corps, who has proclaimed a general mobilization in the district of that corps, and Bozidar Vucurevic, president of the Trebinje Opstina Assembly, who mobilized territorial defense on his own responsibility and sent it to fight together with the Army in the region of Dubrovnik.

After all, both Bosanska Krajina and Herzegovina, which have proclaimed some kind of autonomy of their own, continue to be formal components of Bosnia-Herzegovina, although they do not recognize its central republic government, republic government bodies, and their decisions.

The Keys to the War Concerning the Army

The Army alludes continually to the Federal Constitution, asserting that it is protecting it, but General Uzelac has proclaimed general mobilization, although this can only be done by the state Presidency, saying in this connection during an interview with Radio Banja Luka that that part of B-H is at war with Croatia. In Trebinje, Vucurevic, whose job was personally saved by Radovan Karadzic, president of the SDS [Serbian Democratic Party], after the deputies in the opstina Assembly removed him, ignored the republic territorial defense staff and sent the members of the territorial defense into war against Croatia, which, it seems, gives him amnesty against all responsibility. That is how the keys to the war in Bosnia-Herzegovina have ended up in the hands of the Army, which has quietly occupied this republic, holding on to its sovereignty as to last year's snow, and institutionalizing and legalizing paramilitary formations which support it. Thus, all the conditions have come about in B-H for a possible bloody broad-scale war promising to turn this region into a faithful copy of the drama in Lebanon, even if peace should be established in other regions. After all, aside from the JNA [Yugoslav People's Army] the police reserves have been mobilized in the republic, made up mainly of Muslims, every proclaimed "autonomous oblast" in which the Serbs hold power has its own territorial defense and is maintaining an army, and then there are also potential party armies that would become part of the conflict. The Army has long been deployed at strategic points in the republic, expecting above all a conflict with the Croats, while the Muslims are still issuing persistent assurances that the smart thing for them to do is to join the Serbs in B-H and enter a future state. What that state will look like was recently clarified from the speaker's stand of the Serbian Assembly by Pavic Obradovic, its vice president.

Serbia's Intentions

Obradovic proposed that decisions be made as soon as possible proclaiming the sovereignty of the Republic of Serbia, and through the closest political coordination also see to it that the Republic of Montenegro adopts a decision

proclaiming its sovereignty, that both republics adopt a decision on the same day to create a federal Yugoslav state community of equal republics, nationalities, and citizens, that both republics on the same day recognize the decisions of the "SAO [Serbian Autonomous Oblast] Krajina" and the "Serbian oblasts of Eastern Slavonia, Baranja, and Western Srem" to remain in Yugoslavia. According to him, it is indispensable that the decision to create Yugoslavia be open to B-H, which once again is being offered the possibility of a life with others, and which has been doing everything to prevent a division of B-H, because it is in the interest of the Serbian and Muslim nationalities not to confront one another. If all of B-H does not accept that opportunity, then it is necessary to recognize the will of the Serbian people and the "autonomous oblasts" which the Serbs have formed in B-H to remain in Yugoslavia. An endeavor should also be made to keep Macedonia in the new Yugoslavia, and if it does not consent to that, its right to secede should be recognized, but the issue of borders should be raised in the Kumanovo Kotlica and the Black Mountains north of Skopje. Because Obradovic certainly was not presenting his own opinion, it is possible that in the near future we can anticipate moves in the same direction by Serbia and the Army.

Military Clashes Are Inevitable

In view of the present positions of both the SDA [Democratic Action Party] and HDZ [Croatian Democratic Community] concerning the place and role of B-H in a future Yugoslav community, and also the role of the Army in it, which are quite the opposite of the Serbian views, it is obvious that military skirmishes will not bypass this republic either. It is for the present uncertain what scale they will assume, what casualties and consequences they will have, and whether they will nevertheless be prevented, because that will depend largely on the European Community, which already has its observers in Sarajevo, Mostar, and Banja Luka. It will also depend on the world powers and their interests in the outcome of the war between Serbia and the Army on one hand and Croatia on the other, as well as on the interests concerning the future balance of power in the region of the former Yugoslavia, and therefore also of B-H.

Serbian Assembly Official on Kosovo Dilemma

92BA0065B Belgrade BORBA in Serbo-Croatian
10 Oct 91 p 13

[Interview with Vukasin Jokanovic, vice president of the Serbian Assembly, by Radojica Barjaktarevic; place and date not given: "Nothing of a Kosovo State"]

[Text] As far as the provincial organs are concerned, they will exist as long as the Province exists. When they are formed in accordance with the future statute remains to be seen. Whatever happens, the Province will not have its own classic state organs. It can never have them.

The government of the Serbian Republic has withdrawn from Assembly proceedings on the Draft Statutory Decision on Kosovo and Metohija, and it is therefore uncertain when the future provincial assembly will be formed. Also uncertain is when local elections will be held for provincial "self-government." The organization of okrugs, as forward, detached organs of the government of the Serbian Republic, has also been halted until the "right" solutions are found. Until then, from all indications, the Serbian government's Secretariat for Special Programs, headed by Dragan Nikolic, will operate and administer autonomously in Kosovo and Metohija.

The vice president of the Serbian People's Assembly, Vukasin Jokanovic, explained to BORBA the controversial issues and the dilemmas present among the public.

What the Fighting Is About

[Jokanovic] A temporary statutory decision on Kosovo and Metohija is supposed to be adopted by the People's Assembly of the Republic of Serbia. The government of the Republic of Serbia prepared a Draft Statutory Decision and submitted it for the Assembly proceedings, but then withdrew it. There were serious criticisms of the solutions offered. The main one was that effective measures to protect against majority domination were not ensured. Consequently, the solutions offered in the statutory decision have to be looked at once more. At the same time, the government of the Serbian Republic has decided that consultations on the solutions in the statutory decision should be conducted with all political parties in Kosovo and Metohija, both those uniting Serbs and Montenegrins, and those parties uniting Albanians. A meeting was held and it was agreed that the talks would be continued. The government of the Serbian Republic will do so.

The situation, however, is such that the parties that unite Albanians are presenting maximalist demands, which, through the referendum on "a Kosovo Republic as a sovereign state" and other means, are aimed at legalizing some sort of state of their own. They have thus let the government of Serbia know that the statutory decision does not concern and does not interest them.

[Barjaktarevic] What will happen with the province?

[Jokanovic] The Serbian Republic will not violate its constitution concerning the issue of the province. The province will never have state functions. The adoption of all laws is the exclusive function of the Serbian People's Assembly. The province will only adopt decisions that are within the area specified in the Constitution of the Serbian Republic, and that, again, must be in accordance with the laws of the Serbian Republic. This means that all legislative activity is in the exclusive jurisdiction of the Serbian Republic.

[Barjaktarevic] Why is there so much fighting over the okrugs?

[Jokanovic] The thing is that there is a lot of misunderstanding and misapprehension. People think that they

will have autonomous authority. The okrugs, however, are only centers, or forward detached organs of the government of the Serbian Republic in a specific area. Their rights, jurisdictions, and functions are, in fact, the functions of the government and its corresponding ministries. Those detached organs cannot have any independent, separate, and autonomous function and authority, but instead can only perform certain republic functions in that area. This means, in effect, that business will be conducted in forward parts, i.e., in republic buildings for that area.

For Now—the Secretariat

[Barjaktarevic] What about the center of the Kosovo okrug: Pristina, or Urosevac?

[Jokanovic] The government has passed a decree according to which Kosmet [Kosovo and Metohija] has been divided into two okrugs—Kosovo, and Metohija, with headquarters in Urosevac and Prizren, respectively, while certain areas of Kosovo and Metohija have been annexed to the okrugs of the Kraljevac and Juzna Moravska regions. As far as "Pristina" is concerned, it will not be in Urosevac, because the organization of okrugs in Kosovo and Metohija has stopped at present because there have been serious criticisms. The government has assumed the obligation to review once more the areas in which the centers of republic authority will be formed.

There are also proposals for a significant increase in the number of okrugs in Kosovo and Metohija. Thus, okrugs would be formed in Pristina, Pec, Prizren, Urosevac, and Gnjilane.

[Barjaktarevic] Who, specifically, is "administering" in Kosovo and Metohija until the okrugs are formed?

[Jokanovic] The Serbian Republic is unified. The republic government is responsible for implementing its policy and laws. It performs its function throughout the entire territory of the Republic, and in Kosovo and Metohija, to the same extent and in the same measure as in other areas of the Republic. Until okrugs are formed in Kosovo and Metohija, the so-called "Secretariat for Special Programs" under the Serbian government, headed by Dragan Nikolic, will function. Aside from that Secretariat, there is no other organizational form that would function separately and autonomously in Kosovo and Metohija.

[Barjaktarevic] By the end of the year, the Kosovo Supreme and Constitutional Courts will cease to function. Do provincial organs exist, or not?

[Jokanovic] As matters stand now, local elections will be held throughout the entire territory of the Serbian Republic on 10 November. In the meantime, an amendment will be made to the Law on Territorial Organization and Local Self-Government, and provisions will be added to prevent majority domination on a national

basis in decisionmaking. We have to wait for the provincial elections. So that they can be held, first of all it is necessary to adopt a temporary statutory decision that would establish the organization and composition of the provincial assembly as a precondition for holding elections for it. Since the Albanian political alternative is presenting maximalist demands, then the adoption of a temporary statutory decision is also being "postponed," and if the temporary statutory decision is not adopted, then elections for the provincial assembly cannot be held either.

As far as the provincial organs are concerned, they will exist as long as the province exists. When they will be formed in accordance with the future statute remains to be seen. It depends upon numerous factors that influence this. Whatever happens, the province will not have its own classic state organs. It can never have them.

Atlas With Ethnic Maps of Yugoslav Regions

92BA0067C Belgrade NIN in Serbo-Croatian 11 Oct 91
pp 30-31

[Article by Dragan D. Todorovic: "The Games Being Played With Borders"]

[Text] The map is to our politicians what the flag is to fighters. In the absence of a quality program they wave the map, it is fought for, and one dies on it if necessary. Return with the map or on it—that is the motto of leaders here of every stripe. There is proof of this in the political atlas of Yugoslav lands in the 20th century, which the enterprise BMG in Belgrade recently published under the title *Karte nasih podela* [*The Maps of Our Divisions*]. Some 27 maps of Yugoslav lands from 1914 up to the present day, whose authors are mainly politicians, also impose another comparison: Those "outlines" are cakes made by unskillful pastry cooks into which some beat more eggs and some less, some with flour, some without, some with walnuts, and then the "sweets" are laid out for the DEMOS and need only to be topped with blood (not the author's, of course), and everything will be fine. Just as with a cake (when you see a cake, you recognize the baker), so with the maps published here it is the same: You see a map, you do not even need to read the author's political program, because it is all on the map—the megalomania, the nationalism, the chauvinism, the madness....

Looking at all those maps in one place it immediately becomes clear that the thesis of "all Serbs in one state" is not at all new. Actually, all the politicians represented here have drawn maps on the basis of such plans. It is significant that they all like to have a part of other nationalities within "their" (projected) territories as well, probably in order to have someone on whom to apply their experience with ethnic minorities, and through that application to demonstrate the firmness of their hand or the magnanimity of their own policy—depending on who was in question.

This anthology also clearly shows that the Albanian state and the Muslim state in these regions are still completely undefined as ideas or political objectives. With the exception of the Muslim and/or Bosnian-Muslim parties and also the Albanian organizations, all the other "cartographers" have seen the Muslims and Albanians within someone's territory.

So, the atlas (one of whose subtitles is "Games Played With Borders") is a curiosity in its own right, such a curiosity that the Serbian Ministry for Information might easily and usefully use it in the interethnic media war. It is a reference book and a good one (every map has accompanying text in Serbian and English) for foreigners who are interested in the origins of our "fraternal" squabbles. The publisher has already taken certain steps on his own: In recent days, the book has been delivered to Vranitzky, Kohl, Cossiga, Andreotti, Soares, Gorbachev, De Cuellar, Major, Carrington, and others. Goran Hadzic, prime minister of the Serbian Oblast of Slavonia, Baranja, and Western Srem, will take it with him to The Hague.

But this, be it also said, is a bitter book, a book of a definitive parting of the ways. Having it, then, is to have a constant reminder not to trust a gentleman unless ordered otherwise.

Problem With Serbian Reservists Viewed

92BA0067A Zagreb DANAS in Serbo-Croatian 1 Oct 91
p 32

[Article by Ivan Torov: "Who Has Committed Betrayal?"]

[Text] In Serbia, there is no reason to wonder why the Army halted its campaign against Croatia and its offensive against Croatian armed formations, indeed precisely at a time when Serbian public opinion felt certain that Tudjman's army would not withstand the strong pressure of the superior military equipment of the JNA [Yugoslav People's Army].

While some people interpret this move of Kadijevic's as an occasion offered to the Croatian government to think over the possible ultimate outcome of a clash with the Army and its position, there are many more who think that the generals have slowed down the penetration because of their fear that in a conflict with fanatic segments of the Guards even the Army would suffer great losses, but most of all because of the fact that the top Army leadership is not certain what it would do if it should win the war and bring down Tudjman. After Slovenia, the Croats are most probably lost to them forever as potential allies, because hardly anyone will forget the painful sights of horrifying destruction and devastation of Croatian cities and settlements.

The Serbs are also amazed by generals who have been striving zealously to show that the JNA is neither a Serbian army nor a pro-Serb army. Why hide that, many wonder, when everyone knows about the joint actions of

Army units and military equipment with Serbian volunteers and territorial defense people? Not only does the behavior of certain generals in arguing the Yugoslav (and people's) character of the JNA irritate them ("What kind of Yugoslavia are they talking about?"), but it also reminds them that the Army still has not put behind it the logic of the old ideological matrix in which the JNA is the "only authentic protector of Yugoslavia's integrity and constitutional order."

Whose Borders Are Being Defended

For a long time now the Army has been caught up in various vacillations and difficult trials, but recent events, following the escapade that fell through in Slovenia and the almost total military commitment in Croatia, have truly shaken it up and "purged" its ethnic composition. The accelerated flight of Croatian senior officers, among them Generals Grubisic, Tus, and Stipetic, has simply brought about radical change in the present relation, more or less balanced until recently, of (ethnic) forces in the very top command. On the other hand, this move of the Croatian officers was for the Serbian side the crowning proof that "treason is rampant in the ranks of the Army." The primary reference here is to the tragic bombardment of Bac, a little place in Vojvodina on the left bank of the Danube across from Vukovar, by an Air Force plane and especially a veritable calvary of a column of reservists from Serbia, which, having turned from the main axis of the movement near Tovarnik, found itself at the very center of strong artillery and air bombardment and machine gun fire from tanks, cannon, and aircraft of the JNA. Although the Army is reporting that only three reservists died on that occasion, while 20 were wounded, rumors are circulating in Belgrade that more than 200 reservists lost their lives in this "treasonous assault." The Serbian public hopes that the Army will investigate thoroughly the entire "misunderstanding" and report the true casualty figures of the "mistake" without concealment.

Thousands of embittered reservists from Bogatic, Kraljevo, Valjevo, Kragujevac, and other places in Serbia, who at the beginning of the resolute Army-Serb offensive against Croatia were urgently transported to the border zone between the two belligerent republics in hundreds of trucks and buses of work organizations and of the Army itself, disappointed with the confusion and chaos in the JNA chain of command, simply fled to their homes, taking the view that this war was not theirs, that they did not know why they were sent to the front, nor which borders and whose borders they were defending.

The Serbian public is confused and imprisoned, probably believing that the Army is still the only remaining federal institution that is organized and reliable. The stories told by the returning reservists were shocking to many and refute in the most obvious way the systematically created romantic national picture about the war in Croatia. The surprise is all the greater because certain newspapers in Belgrade, in spite of the almost total blockade of Serbian news space, have been reporting

daily on the trials and troubles of some reservists, but also on the barbarism of other Serbian (especially Montenegrin) reservists in Hercegovina, the provocation of armed conflicts with Muslims and Croats, break-ins and looting of houses and stores, and uncontrolled firing of weapons. "Truly an army on a spree," concluded one newspaper in describing the arrogance of young men thrust into uncertainty.

The Reservist Putsch

The Serbian government had a ready answer to all that—it was actually a question of a "well-thought-out campaign against the leadership in Belgrade," "an attempt at a putsch with the help of the reservists," "desertions," "betrayal of Serbism," "cowardice." The SPS [Socialist Party of Serbia] went furthest in this, accusing the opposition (Vuk Draskovic especially) of conducting an anti-Serb policy and of placing itself openly on Tadjman's side by cooking up plots among the reservists. This official reaction was not unexpected when one realizes that what suits Serbia most at the moment is for the JNA to wage war in Croatia (and in Bosnia-Hercegovina as well if necessary) instead of Serbia, whereby it is relieved of the risk, at least in formal terms, of being directly drawn in. Dragan Dragojlovic, who is a minister in the Zelenovic government, in fact did little to hide this in placating the disgusted reservists in Valjevo:

"We are continually saying that Serbia is not at war with Croatia, but that it is the Serbian people. We cannot say that because of world public opinion, because then Serbia would be the aggressor. After all, when a soldier of the JNA is in Croatia, it cannot be said that that is Serbia. That is why Serbia cannot have its own army. But then it has its own army in the JNA. The dangerous thing about abandoning the units is that others may be encouraged on this basis, they may say that the Serbs are not what they once were, and the Muslims and Skipetars might rise up."

The reaction of the Serbs in the second call-up seems to have encouraged part of the opposition, which—taken by surprise by the dimensions of the conflict with Croatia—has not been making itself heard for too long a time or has been expressing itself ambiguously out of a fear that a decided stand against the war might thrust them into the "camp of the traitors." But, because that is exactly what is happening, that is, because the Socialists are giving them no peace, the oppositionists are more and more frequently going public, and what they are in favor of can be reduced to the following message:

"Let us halt this senseless war, which is disastrous for the Serbian people, which is being waged by officers of the regime who are incompetent and traitorous. Let us demand accountability of generals who proclaim reservists to be traitors solely because they do not agree, when they have been proclaimed to be volunteers, to die as casualties of their own air force and artillery because of mistakes made by those same generals. Let us demand

the formation of a parliamentary committee to inquire into the accountability of the traitorous generals and Serbian government and the absence of any kind of coordination in the command system and look into the use of untrained reservists, when the goals of the war are not clear and when war has not been declared. The warmongering policy of the SPS and abuse of all the media are condemned. The Serbian people can protect itself only by a democratically strong Serbia, with a Serbian army, with Serbian officers, and under the Serbian insignia."

The affair of the reservists even reached the Serbian Parliament late in the week, in the first extraordinary meeting of the deputies after the two-month summer vacation. That part of the session, however, was closed to the public. It was only announced that the political-security situation in Serbia and Yugoslavia was debated and that General Simovic, Serbian defense minister, spoke on this subject. It is said, however, that the debate was rather harsh and polemical, that gloomy tones about Serbia were predominant, and that there was a plethora of extremist views—from criticism of the Army that "it had not finished the job it began and strengthened the western borders of Serbia on the line of Karlobag-Karlovac-Virovitica," by way of the demand that the "Serbian krajinas" immediately be annexed to Serbia—to the opinion that Serbia, regardless of the territories already "captured" in Croatia, is losing the war. Of course, a more extensive elaboration of what is meant by this last position is yet to come.

The Trials and Tribulations of the New Fronts

In opposition to the militant individuals in the government who are persistently demanding that the Serbian Assembly definitively round off the new borders of the "krajinas" in Croatia and Bosnia-Hercegovina and move the front "of the defense of Serbia" close to Zagreb and the Adriatic coast, so that it does not happen that Serbia must be "defended against the Croatian fascists" within its present borders, and perhaps even in Zemun (Pavic Obradovic, the highly exposed vice president of the Assembly), there are more and more who are tired of this entire situation, and particularly with the "news media truth" which the militant Belgrade newspaper people are serving up very aggressively every day. Among the cautious, there are quite a few of those who are afraid that the offensive of Serbian fighters, with the abundant help of the JNA, could boomerang against this republic with a counterstrike from the world. That is, the "truth" as presented by the regime is not encountering a favorable reaction among the most important international factors, except Serbs in the diaspora, and the very fact that Tadjman, at least temporarily and only partially, has gotten what he wanted—final internationalization of the Yugoslav problem, suggests that the battle in the future will perhaps be still more difficult, that the war may be perpetuated indefinitely.

The team in power in Serbia will be tempted more and more to assure the world public that concern for the

Serbs in Croatia and Yugoslavia does not mean advocating creation of an expanded Serbia when the events are demonstrating the opposite. It would seem that the paradox—that Serbia through “self-determination of the Serbian people in Croatia” wants most of the territory of Croatia, yet the Serbian population represents only 12 percent—is hard to swallow for most foreign politicians, who tend rather to believe that expansionist territorial claims are hidden behind the indisputable principle of “self-determination.”

The Serbian leadership faces a delicate choice. If it gives in to the strong pressure of the swollen appetite of extreme nationalism in a portion of intellectual and oppositionist circles and also the Socialist Party of Serbia, it risks abandoning its present position of “neither war nor peace” and draws Serbia still deeper into new military escapades and weakens its international position extremely. That is in fact what will happen, the assessment goes, if Milosevic and the parliament adopt decisions to annex the “Serbian krajinas,” because that would directly provoke continuation of the war with Croatia and open up a new one—with the Muslims in Bosnia-Herzegovina. However strong it might consider itself and to whatever extent the Army is its ally in the war, it is difficult to believe that Serbia, under present circumstances within Serbia, could withstand yet another war. Especially because threats are arriving from various other quarters as well.

It is closer to the truth, then, that Milosevic will rather incline toward the “more moderate” variant, toward freezing the status quo and position in the war, toward listening to the international reaction, which is in any case changing constantly, toward participation in further negotiations in the Hague, but also in certain bilateral negotiations, and toward popularization of the so-called Belgrade initiative on forming Yugoslavia from “the peoples who want to be in it” (for the present, only the Serbs and Montenegrins).

But even such a course means a risk for him, because it would arouse the anger of the impatient and militant nationalists, and dragging out the disentanglement could strengthen even those forces in Serbia which do not desire war and see in the present aggressive and egoistic national policy of the Socialists the most certain road to Serbia’s still deeper ruin.

Yugoslav-Japanese Economic Cooperation Discussed

92BA0044A Belgrade *EKONOMSKA POLITIKA*
in Serbo-Croatian 23 Sep 91 pp 26-27

[Interview with Yoshihiro Nakamura, minister and second in command in the Japanese Embassy in Belgrade, by Snezana Bogdanovic; place and date not given: “The Worst Is Not Honoring Obligations”]

[Text] [Bogdanovic] Mr. Nakamura, what is your assessment of the present economic relations between Japan and Yugoslavia?

[Nakamura] By contrast with the political ties that have been formed, which I think are very good, because, I would recall that in these difficult times, Mr. Jovic visited Japan not so long ago and Prime Minister Nakasone visited Yugoslavia, economic ties, unfortunately, are not on a satisfactory level. Yugoslav exports to Japan, as is well known, are considerably less than imports from Japan. I would mention to you last year’s results of visible trade between the two countries. Total visible trade was worth \$464.3 million. You have goods which would be successful in Japan and you have fantastic export performance. I would mention textiles, furniture, and wine. Support is needed to develop Yugoslav-Japanese economic relations. You, of course, need it more, but Yugoslav firms will hardly have it in this complicated political situation. Because of that development of events, our companies are also encountering major problems conducting business in Yugoslavia, and we all agree with the observation that economic cooperation has been reduced to trade. Nothing is being invested, there is only buying and selling.

[Bogdanovic] In your opinion, where do we find the most important problems affecting economic ties and hindering the two countries from raising current cooperation to a higher level, in which, there is no reason to doubt, there is mutual interest?

[Nakamura] Because Yugoslav firms do not have money, they are trying to seek support for their business transactions among the banks. But neither are the banks in a position to guarantee fulfillment of their obligations. After a contract is signed or an agreement is reached on who is to invest or to pay how much, people shrug their shoulders and admit that no one has any money. The Yugoslav side does not have the money for investment, and Japanese firms do not give it a thought, political conditions in the country being what they are. But I have one reproach for your firms. I think that most of them do not honor their obligations after concluding a contract on cooperation with some Japanese firm. They behave lackadaisically, they are continually late, they do not meet deadlines or honor contracts. And when the finished product is ready, we find that it is not at all the product we discussed. If we somehow overcome problems of that kind, a new kind of difficulty arises once again on the Yugoslav side—Yugoslav companies as a rule seek a higher price than agreed for the delivered goods!

[Bogdanovic] Aside from maintaining trade relations, it seems that the conditions are not right now for any other form of economic cooperation, I am thinking above all of greater involvement of Yugoslav firms in production of components for Japanese companies or the construction of joint production facilities. Why were those forms of cooperation not initiated before the ethnic conflicts began or before the “start” of the economic recession?

[Nakamura] You had highly impenetrable laws and regulations, the business environment was very rigid and unattractive. Nevertheless, Japanese companies did not

give up doing business in Yugoslavia, and even today they are thinking about new forms of cooperation. For instance, we wanted to build hotels on the Adriatic coast, but we were not successful. We were told to find Yugoslav firms for that project, that if we were really interested in that arrangement, we should find some firm here to be our business partner in that project. And then "Suzuki" intended to build a factory here, but the conditions were truly unacceptable, the prices mentioned were too high, and... "Suzuki" went to Hungary. However, that need not mean that some joint deal cannot arise in the near future from the presence of Japanese firms in Yugoslavia and the deepening of trade relations. "Nissan" is an example that demonstrates this. People from that car company saw that Japanese cars were selling well and are highly esteemed in your country, and together with the Japanese company "Marubeni" and a Slovene firm it initiated an important project here. Your country has said that conditions have changed in the country, that business opportunities are being offered to foreign companies just as in other European countries, but you yourself see that it is not really that way. Everything does not depend on proclamations of the Federal Government!

[Bogdanovic] Which of the East Europe countries offers the most favorable conditions for business collaboration?

[Nakamura] Hungary offers the best conditions to foreign companies, and I think that that opinion is not confined to Japanese businessmen. Recently, members of an American economic mission also arrived at the same assessment. After Hungary comes Czechoslovakia and then Poland.

[Bogdanovic] Are there chances for the private sector, which is expanding, to remedy the clinical picture of the Yugo-collapse, and will there be a new opportunity to raise economic cooperation between Yugoslavia and Japan to a higher level?

[Nakamura] It is a very good thing that your Federal Government is aiding small businesses. It is aware that this is a very important sector in the economy. All of 99 percent of the Japanese economy relies on firms which are small but which do a big job. There are about 100 small firms working for "Toyota," and even most of the components for "General Motors" are manufactured in private firms. I think that in Yugoslavia small business is playing a large role in stimulating the entire economy by developing business ties and supporting "big" business. However, your firms are still quite small to become involved in substantial deals with foreign companies. But that, too, must also begin some day.

[Bogdanovic] It does not seem that all forms of business collaboration between Japanese and Yugoslav firms have been entirely utilized, nor that Yugoslav businessmen have been familiarized on the whole with all the

forms of cooperation which might be established between Japanese representative offices or the JETRO organization.

[Nakamura] There are important opportunities that go unused. For instance, Japanese trading companies would be able to market Yugoslav products in third countries. Japanese firms, after all, are doing business all over the world, they have information at their fingertips about market trends, and with the help of computers we can find a customer in the world for an interested Yugoslav client in a jiffy. We are also able to find a foreign investor for a sound program of a Yugoslav firm. My experience in the United States tells me that there are no obstacles to business cooperation. The United States and the USSR perhaps were not in good relations, and perhaps direct economic flows could not be accomplished, but trade and visible trade was excellent through Japanese firms.

[Bogdanovic] What motivates Japanese companies to stay on in the Yugoslav region in spite of the major problems that have been noted in the conduct of business?

[Nakamura] I must first say that I do not know of a single Japanese firm that wants to shut down its operation in Yugoslavia. I think that the situation will right itself quickly.

To be specific, no one has so far been physically threatened, at least in the country's capital. Japanese firms are perhaps losing money now on deals in Yugoslavia, business here is not profitable. But this is an important strategic point and moment for the future and for still more intensive development of trade when everything calms down. I would make a comparison here with U.S. business philosophy. When U.S. firms start a job, they want money as soon as possible; they want to realize a profit quickly. They invest and seek a profitable return in a short time. The Japanese sometimes lose money on a venture, but they make it on another one and continue to invest capital. Japanese companies are here now because those businessmen believe that the situation will calm down in Yugoslavia and everyone will soon begin to think about renewing or creating an environment for production and operation. I think that then Japanese firms will also begin to invest.

Ljubljana Bank Solution for Frozen Savings

*92BA0044B Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 23 Sep 91 pp 30-31*

[Interview with Stanislav Valant, deputy chief director of the corporation Ljubljanska Banka, by Vladimir Grlickov; place and date not given: "A Model for Foreign Exchange Savings"—first paragraph is EKONOMSKA POLITIKA introduction]

[Text] The occasion for this interview was the report in the daily newspapers that attempts had begun in Ljubljanska Banka [Bank of Ljubljana] to revive public interest in foreign exchange savings. They are beginning

by paying individuals 500 German marks [DM] on their old savings in dinars, but at a realistic rate of exchange, which is considerably higher than the official rate in the jurisdiction of the NBJ [National Bank of Yugoslavia]. But that is not the ultimate objective in relations with the "old" savers, because the bank has worked out a long-range program for complete normalization of business transactions with individuals. We talked about this with Stanislav Valant, deputy chief director of Ljubljanska Banka.

[Valant] We in Ljubljanska Banka have worked out a model for beginning to solve the problem of savings accounts of individuals which have been more or less frozen since the end of June. We know that this is one of the major problems of the banking system, and if we wish to restore the confidence of savers, we have to do something in this area. The model (program) worked out in our bank foresees interrelated arrangements through which several options are offered.

[Grlickov] Your point of departure is probably the fact that all banks, including Slovene banks, have foreign exchange savings of individuals deposited in the NBJ, and this represents the point of departure of your model in seeking a solution.

[Valant] We are mindful of the fact of that obligation of the NBJ, that is, of the Federal Government. We are also mindful that toward the end of last year the regulation or law on the public debt regulating relations between the federal state and the banks expired. The obligations of the state to the banks have not been met, and so that foreign exchange is still being handled as a claim of the banks against the NBJ. Thus, it could happen that a majority of Yugoslav banks, or Slovene banks, for which we have reliable figures, will get into a situation where they have greater claims against the NBJ than the obligations they have to individuals. The claims of Slovene banks against the NBJ amount to about \$1.1 billion, while obligations to individuals are somewhere around \$900 million.

[Grlickov] The federal law on the public debt has expired, a new one could not be adopted, nor could the old one be extended even as a temporary measure, and the NBJ did not meet its obligations to the bank, and yet the latter met their obligations to individuals for a time, and thus in a sense they were servicing that debt, paying the bill for the already adverse situation created by the withdrawal of deposits.

[Valant] Under contract with the NBJ, should foreign exchange savings fall below the level of deposits in the central bank, the banks were to make that up. But the relevant regulations were not forthcoming, and that did not happen.

[Grlickov] Now, the NBJ also lacks the relevant sources to cover the drop in foreign exchange savings, which is the main problem.

[Valant] Because there are no regulations, the sources do not exist either. So the NBJ is filling that gap by compensating the banks with earmarked liquidity credits, but with the proviso that they (the banks) must pay it (the NBJ) interest at the level of the discount rate. This has adverse repercussions on the banks, because that interest constitutes an additional burden on their income statements.

[Grlickov] It is a dual problem for the banks, because they have neither dinar nor foreign exchange funds.

[Valant] Right, the banks have not had even dinars, because the NBJ has not been making this up to them to the full extent, because it is still a matter of expensive credits. On the other hand, when the foreign exchange market ceased to operate, the banks were unable to buy foreign currencies here and in that way honor obligations to foreign exchange savers (to return them their deposits in foreign currencies). The Slovene banks honored those obligations to savers for a rather long time and paid out foreign currencies until the end of June, that is, if I might so put it, until the war began. But after that they were no longer able to do that.

[Grlickov] At that time, were the payments made in the full amount of the requests of the savers?

[Valant] There were certain restrictions, but payments in foreign currencies were nevertheless being made, which other Yugoslav banks were not doing at that time, or were doing to a much smaller extent than we were. But in any case the general indignation and resentment of individuals has grown more and more, because they were unable to make use of that money in any form, either as foreign exchange or in dinars.

[Grlickov] Was it possible to use foreign exchange savings in dinars?

[Valant] It was possible, but at the official rate, which did not represent fair treatment of them. Because even the exchange rate was unrealistic, and that signified a loss for savers who turned their foreign exchange into dinars.

[Grlickov] You, by which I mean Ljubljanska Banka, are now offering certain solutions to the problem of foreign exchange savings?

[Valant] We are proposing those solutions for the foreign exchange claims which we have today against the NBJ and which for Ljubljanska Banka alone amount to \$964 million (that figure could change, because we still do not know what the accrual of interest will be).

We are therefore proposing a model which has been accepted by the government and the profession (it is still a question which instruments will be used in this connection). We are proposing that the foreign exchange debt which the NBJ has toward Slovene banks be taken over by the Republic of Slovenia and that it establish its claims against the National Bank of Yugoslavia. That is,

it is up to it to bargain on the fate of that claim during negotiations on future material relations with the NBJ.

[Grlickov] As a bank, you are probably counting on a part of the foreign exchange reserves which are today still being used by the Yugoslav state and the NBJ, which you would get through the Bank of Slovenia.

[Valant] That claim amounts to \$1.1 billion for all Slovene banks and can be conceived only as a claim against foreign exchange reserves. In the first plane of those claims are collections in foreign exchange from the NBJ, and foreign exchange reserves would have to be the source. To be sure, foreign exchange reserves are not sufficient to cover those obligations of the NBJ, but we will see how that issue is settled in the negotiations which I mentioned awhile ago.

[Grlickov] There are several claimants to the foreign exchange reserves. They are not solely foreign exchange savings, nor only those of Ljubljanska Banka nor all the Slovene banks.

[Valant] There are several claimants and considerably greater claims on the NBJ than the amount of foreign exchange reserves.

[Grlickov] In fact, your model is based on the Republic of Slovenia "forming" some kind of public debt instead of the federal state.

[Valant] The republic's public debt ought to begin to solve the problem of savings and at the same time financial rescue of the banks. We are referring to what is called a linear financial rescue, in which there is a change of one claim for another which the Slovene banks will obtain from the Republic of Slovenia. I am aware here that we are talking about a claim when we do not know whether or to what extent it will be collected. In any case, we are calling for that obligation to be taken over by the republic. There is evidence that that is how it will be in the fact that the Slovene Assembly has adopted a law whereby the republic guarantees all savings deposits.

[Grlickov] Does the republic have sources to back up that obligation, and how will it seek them, I suppose this does not greatly concern the bank?

[Valant] That is not exactly the case, because that is the problem of insufficient sources of the republic. It does not have a sufficient surplus in the budget to immediately secure the financing of that public debt. That is why we are proposing that bonds of the Republic of Slovenia be called upon to cover the public debt. Those would be long-term securities denominated in foreign currencies, and they would carry a yield (interest) sufficient to pay off interest on foreign exchange deposits in the banks.

[Grlickov] The bonds could be a financial solution provided they not only contain the foreign exchange component, but also some kind of rescheduling of obligations based on savings.

[Valant] In financial terms, the bonds represent a kind of loan the banks are making to the state. It is clear that the state cannot pay it all off in one or two years. That need not be very important to individuals, but it is still a step forward from the present situation. In the long-term context of solving the problem, in addition to the bonds, we are proposing that the state, after it recognizes the public debt based on savings, adopt a foreign exchange regime through which the banks would get sources of foreign exchange. They could use that foreign exchange to service current obligations to savings depositors; it is a question of covering payments in actual money, that is, in cash. Under the present foreign exchange reserves, 30 percent of the inflow of foreign exchange in a bank in Slovenia goes to the state to cover the most necessary imports (petroleum, medicine), and we are proposing that a portion of that, say, 5 percent, be earmarked to meet the needs of savings, and that would be a source of liquidity so that the individual could withdraw his deposit at a rate, say, of DM250 per month.

[Grlickov] Are you counting on any other sources of foreign exchange?

[Valant] We calculate that the state could renounce 30 percent of the foreign exchange it realizes through exchange transactions. That would make two sources of foreign exchange, then, in addition to the state solving the financial problem with bonds.

We have been making all of these calculations on obtaining foreign exchange and bonds on the assumption that the present pressure of savings depositors on the banks will last for some time yet, that is, that their claim will not be settled overnight.

[Grlickov] You mentioned that you have several options for resolving the situation of the inability to dispose of foreign exchange savings.

[Valant] There are two basic options. One is to accept a bank certificate for the foreign exchange deposit, which is made out to the bearer, and on the basis of it the individual receives a guarantee that when the certificate matures, his savings will be paid to him in foreign exchange. This reduces the pressure on the banks, because the basic principle behind "investment" in these securities is disposability. The other option is that the banks issue bonds which would be fairly long-term in nature; the savings depositor would not lose anything, but he would be called upon to show a kind of understanding in that the obligations would be met at intervals and in ways that are not standard. I am, of course, mindful that today even the situation is not normal.

[Grlickov] The concept is to provide current disposability for DM250 a month and long-term disposability that would cover larger amounts of savings.

[Valant] There is something else I would like to add. When the processes of ownership transformation begin and publicly owned housing units are sold, foreign exchange savings might be used either to purchase

socially owned housing units or even perhaps shares in enterprises in which transformation of ownership has been undertaken.

There are several possible combinations in this conception, and the main one is as follows. A savings depositor who has a socially owned housing unit would be allowed to change his foreign exchange deposit for republic bonds. Then he can use that bond to pay for that socially owned housing unit at a certain additional discount. There are several advantages: The advantage for the state is that ownership of housing units is being transformed, while on the other obligations on the basis of the public debt to cover foreign exchange savings are reduced. And it is also in the interest of the savings depositor, because it puts him in a situation of making use of a deposit which in principle is not disposable.

[Grlickov] One other result is that the foreign exchange obligations of the state and the bank to individuals are reduced.

[Valant] And also that. A similar mechanism would be used in connection with transformation of enterprise ownership. In place of his savings, the savings depositor would receive shares, bonds, or certificates through the appropriate republic fund, thereby becoming a coowner of the enterprise, again at a certain discount. In that case, once again the state is reducing the public debt and the problem of managing property.

[Grlickov] Paying out savings in foreign exchange is the basis of the model for putting life into relations with the general public, and the first step, which you have already taken, is to pay out the dinar equivalent of DM500.

[Valant] The concept is based on payment in foreign exchange. At the same time, because we are not immediately able to do that, because our primary object is to protect the foreign exchange liquidity of enterprises, our intention being to somehow preserve our rating on the international financial market. At the same time, out of a desire to make it possible for savings depositors to dispose of their savings in some fashion, we decided to sell at the rate of DM500 each, but not at the official rate which individuals would obtain from the NBJ, which is so unrealistic. Now, individuals can sell their foreign exchange at the same rate which we apply in exchange offices when we buy cash. In that sense, all individuals are today in an equal position with respect to selling foreign exchange and cash.

[Grlickov] Can you guarantee dinar liquidity for that kind of purchase of foreign exchange?

[Valant] We have certain instruments for obtaining dinars, and then there is an agreement with the republic that it assume part of the financial consequences on this basis by adjusting the situation related to the public debt. We have not secured all the sources, but this will be done after adoption of the law on the public debt. The state takes the consequences if the banks get into a bad situation.

[Grlickov] We have been talking about providing dinars, the Yugoslav currency. Do you have relations with the NBJ in connection with savings?

[Valant] We do not have a special relationship, it is not involved in this, because this is a problem of our liquidity and of costs (risks) that arise in this connection. We are solving that problem jointly through the agreement with the republic government. This does not mean, of course, that we have entirely ceased to withdraw primary note issue on the basis of the decline of savings. Blockades exist on certain other grounds.

Drastic Reductions in Volume of Traffic Reported

92BA0044C Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 23 Sep 91 pp 32-33

[Article by B.O.: "Transportation: Pitiful Today—Still Worse Tomorrow"]

[Text] Until recently, the estimates being published on the dramatic decline of the volume of traffic in all branches of transportation were being confirmed by the recent (last week's) data of the Federal Bureau for Statistics. In the first half of the year, compared to the same period of last year, the decline in traffic in transportation, taken as a whole—on the basis of weighted and adjusted passenger- and ton-kilometers—was about 17 percent.

Reductions are particularly characteristic of passenger transportation, where in the comparison mentioned the average reduction in the volume of traffic was 32 percent. Air transportation has "suffered" the most. Air travel is down all of 42 percent. Yugoslav airports served 1.87 million passengers in the first half of this year, which is to be compared to a traffic of over 2.8 million passengers over the same period of last year. In freight traffic, air transportation was down 31 percent; that is, during the first six months of this year 11,884 tons of cargo were carried, while in the same period last year aircraft carried over 20,000 tons of cargo. In rail transportation, making the same comparison, the drop in traffic (measured in ton- and passenger-kilometers) was 24 percent in freight traffic and 25 percent in passenger traffic. Over the first six months of this year, about 32 million tons of freight and about 48.3 million passengers were carried on the lines of the Yugoslav Railroads. About 4.3 million tons of freight were recorded in rail transit, which is the only item that "recorded" a growth in the first half of the year (last year over the same period, Yugoslavia's railroads carried slightly less than 4 million tons of transit freight). It should be noted, however, that in the first half of the year the railroads were still operating more or less in that the main Yugoslav trunk line was open to traffic until the beginning of July. The closing of the line between Jesenice and Djevdjelija (Dimitrovgrad) on the stretch between Sid and Vinkovci, has, of course, had the effect that the statistics "processed" on the traffic of the railroadmen

over the period including July and August will be considerably less favorable than the figures for the first half of the year. According to information from the Community of Yugoslav Railroads, the number of loaded freight cars waiting to be hauled to their destinations is increasing with every passing day. At this moment, late last week, that is, the number of such cars had climbed to about 6,000. It is obvious that for the moment there is no way to precisely calculate the damage (an example is given in the box). The people in the Community of Yugoslav Railroads issue a particular caution about the consequences, i.e., costs, arising from the fact that a large share of the cars committed, but also mobilized, are the property of foreign railroad administrations and that rent (in foreign exchange) has to be paid on them sometime.

The reductions in highway transportation are at the level of the reductions recorded on the railroads. The decline in highway freight traffic, that is, in a comparison of the January-June period of this year and last year, is 25 percent—while the drop for bus traffic is 23 percent. Over the first six months of this year, trucks carried about 30.5 million tons of freight, and slightly more than 291,000 passengers bought bus tickets. But here again the same observations hold as for the railroads when it comes to (future) statistics for the last two months—in spite of certain advantages which highway transportation has over railways when it comes to the possibilities of going by different routes, that is, avoiding highways in the regions affected by the war. The reaction of foreign users of Yugoslav highways, while normal, is “disturbing”; it is, of course, calculated to completely avoid Yugoslav highways.

In maritime transportation, last year's traffic in the first half of the year was more or less maintained this year. The drop in cargo traffic, which has a share of more than nine-tenths in total traffic of maritime shipping lines, was only 4 percent. However, in view of the closing of Yugoslav seaports 10 days ago, we can anticipate results in this branch of transportation which will “level” the maritime shipping companies with the other branches of Yugoslav transportation. By contrast with them, carriers in river transportation—unless something similar to what happened to seaports happens to riverports—can expect better days in view of the announced reorientation of cargo to the rivers. The advantages of river transportation from the standpoint of economic efficiency, i.e., transportation prices, which previously were neglected (and people were quiet about them), will be taken advantage of by all appearances under the pressure of the events of war (finally). That is, an attempt will probably be made at something of that kind. To be sure, the announced transport of Soviet petroleum (which still has not been forthcoming) by the Danube (Yugoslav River Shipping) to destinations in Serbia and Vojvodina could perhaps be the best basis for that conclusion (i.e.,

assumption), because the transport of petroleum by the Yugoslav oil pipeline (closed) was cheaper—but there are also other suitable cargoes (coal, agricultural products, building materials, etc.). For the present, i.e., in the comparison of the January-June period of this year and last year, the drop in traffic in river transportation was less than the average and amounts to “only” 14 percent.

The same observations as for the other branches of transportation also apply to PTT [postal, telephone, and telegraph] service. On the average, the decline in PTT traffic is 26 percent for the first half of this and last year, and the most significant drop was 27 percent in telephone service; 13.45 billion pulses from the beginning of the year to the beginning of July....

[Box, p 32]

Exports Frustrated

“The joint action commission for the crisis and extraordinary situation in the economy of Bosnia-Herzegovina” noted among other things in its meeting last week that “the situation in Croatia has resulted in a blockade of all joint rail transportation on the lines of the Sarajevo Railroad Transportation Enterprise [ZTP] and at the same time of the republic economy as well.” The HZP [Croatian Railroad Transportation Enterprise] in Zagreb committed itself to accepting all cargoes in international transportation and to carry it across “its” territory, but exclusively to the countries of West Europe; while it is continuing to refuse to accept trains from the territory of the Sarajevo ZTP in joint domestic transportation. Thus, the Sarajevo ZTP has been compelled to halt “complete loading and shipping of everything through connecting stations (Knin—Bosanski Novi—Brcko) for the HZP in Zagreb.” Between the third and 11th of this month, however, 70 cars were dispatched for the foreign market; but so far not a single one has crossed the Yugoslav border (the cars were scattered among railroad stations from Bihac to Doboj). The value of the goods shipped in those cars was about \$2 million. As the commission observed, the losses because rail transportation does not exist in domestic freight traffic threatens the economy of the Socialist Republic of Bosnia-Herzegovina with collapse. Because of the transportation blockade of the rail junction in Vinkovci (and other rail lines), it is impossible to meet contractual obligations to deliver coal for the Yugoslav market from the “Kreka” Socialized Enterprise in Tuzla. Unless there is an urgent solution to the problem of regular supply of freight cars and the transportation blockades are removed, “Kreka” will be forced to completely halt production, which by a chain reaction will threaten operation of the “Tuzla” Thermal Electric Power Plant, the “Soda-So” Combine in Lukavac, “Natron” in Maglaj, “Incel” in Banja Luka... as well as many other customers in Yugoslavia, in particular “the general public, which does not come even close to sufficient supply for the winter heating season.”

NTIS
ATTN PROCESS 103
5285 PORT ROYAL RD
SPRINGFIELD VA

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.